

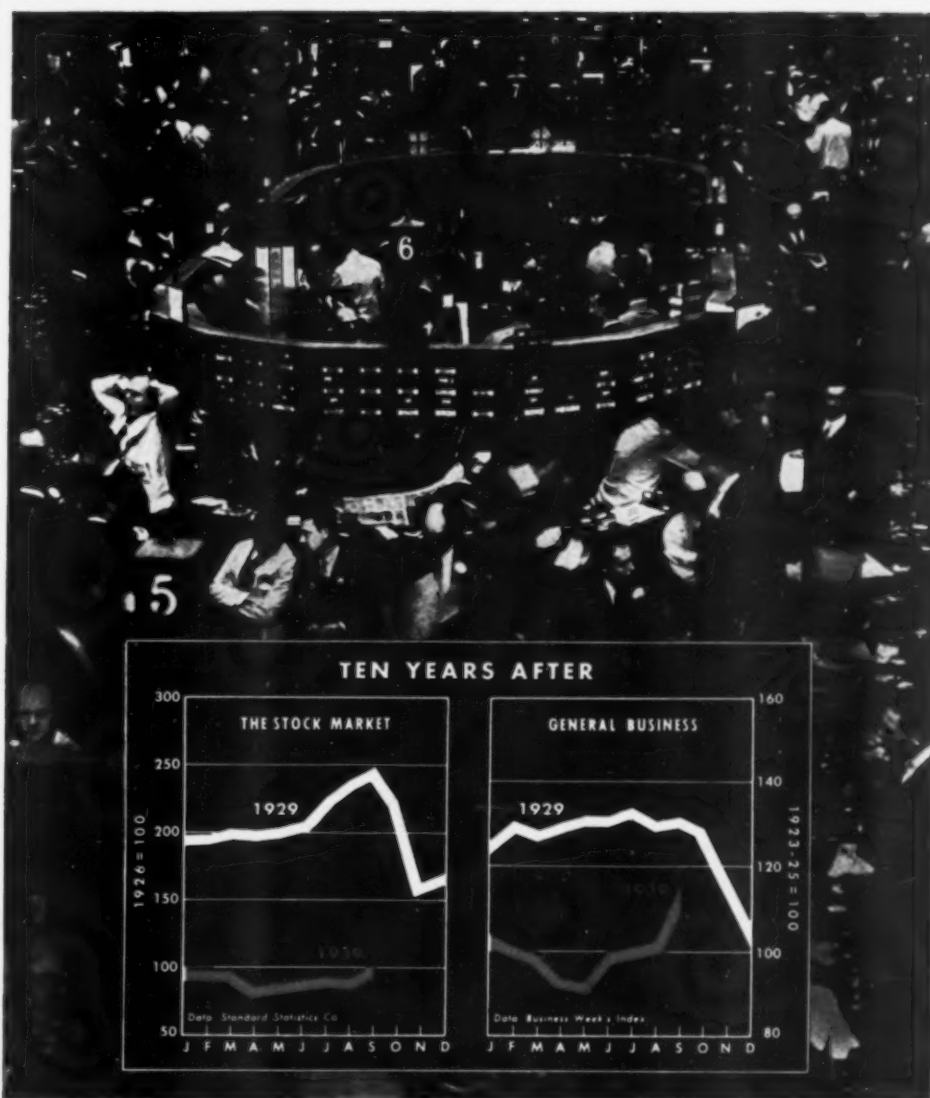
1939

BUSINESS WEEK

OCT 8 1939

WEEK
AGO

YEAR
AGO



BUSINESS
CATOR

PUBLISHED BY THE MCGRAW-HILL PUBLISHING COMPANY, INC. • TWENTY CENTS A COPY

"TO THINK I'D O.K. A REQUISITION FOR A LOT OF SHOESTRINGS!"

That Was What One Paper Plant Superintendent Said Six Years Ago! But Today Texrope Drives Are Standard Equipment in His Plant . . . Providing Positive, Slipless, Silent Transmission . . . Saving Money Every Day! Learn About the Equipment that Pays for Itself!

The plant superintendent came in, took one look at workmen installing a Texrope Drive, and said—"To think I'd O.K. a requisition for a lot of shoestrings!"

That was six years ago in the plant of an eastern paper manufacturing company. And apparently the superintendent didn't think much of the first experimental lot of Texropes put on a beater in his plant.

But wait—read what happened next! They found that the "shoestrings" really stood up . . . even under the stress of 24-hour operation, day in and day out! Moreover, they found the Texrope Drive handled the beater as no other drive had ever done before—quietly, efficiently, with no slip or jerk, and not a penny spent for replacements!

That's why the superintendent

now grins when he thinks of that day six years ago when he called them "shoestrings." For today, Allis-Chalmers Texrope Drives are standard all through the plant. And every one of those original belts is still giving 24-hour a day service . . . beating maintenance costs . . . making real savings!

You Save With Allis-Chalmers!

Executives everywhere are finding Allis-Chalmers equipment the road to new economies . . . new profits. They find it's equipment with full-measure construction and modern, money-saving features. It's equipment that has built into it the results of Allis-

Chalmers 90 years of progressively meeting the problems of industry.

Find out how Allis-Chalmers can help you cut costs in your plant . . . make your workers' jobs easier . . . increase your profits. There's a trained engineer in the Allis-Chalmers district office near you. For full facts, call him today . . . or write direct to Allis-Chalmers.

A-1138A



ONE OF TEN TEXROPE DRIVES IN A LARGE eastern paper plant, this 125 hp drive has been in continuous 24-hour operation since March, 1933, without any cost for replacements . . . is expected to go on giving 100% service for a long time to come!

PRODUCTS ENGINEERED TO PAY FOR THEMSELVES

Electrical Equipment • Power Transmission Equipment • Steam and Hydraulic Turbines • Blowers and Compressors • Engines and Condensers • Centrifugal Pumps • Flour and Cereal Mill Equipment • Boiler Feedwater Treatment • Saw Mill and Timber Preserving Machinery • Crushing, Cement, and Mining Machinery • Power Farming Machinery • Industrial Tractors and Road Machinery



ALLIS-CHALMERS

MILWAUKEE • WISCONSIN

Business Week

FAST, E
MORE
THAN
features
Super-Sp
the new
ment Loc
Space In
Card Hol
head Bail
Selector
Tabulato

L C SMITH

... a sensational triumph of typewriter design
 ... an executive's ideal of economy and efficiency
 ... a secretary's dream come true!



**FAST, EFFICIENT...
 MORE COMPLETE
 THAN EVER!** Other
 features of the 1940
 Super-Speed model are
 the new Type Bar Seg-
 ment Lock... new Line
 Space Indicator... new
 Card Holder... new Over-
 head Bail... new Touch
 Selector and improved
 Tabulator Mechanism.

**SUPERBLY DE-
 SIGNED FROM
 EVERY ANGLE!** Yet
 there's more to the new
 L C Smith than its mod-
 ern appearance. There
 are many new typing aids
 ... the new Automatic
 Margin Set ... not a
 gadget, but a simpler,
 easier way to set margins.



Tomorrow's typewriter—today! A step beyond
 all others in modern, efficient designing...
 a step ahead in mechanical refinements and
 typing aids.

Yet, basically this new model retains all the
 sound, trustworthy principles which have
 made the Super-Speed L C Smith the choice
 of exacting operators and successful business
 executives everywhere.

THE NEW 1940 *Super-Speed*
L C SMITH

For demonstration call any L C Smith branch or dealer. Booklet on request.

L C SMITH & CORONA TYPEWRITERS INC • DESK 10, 107 ALMOND STREET, SYRACUSE, NEW YORK

**BUILT FOR HARDER
SERVICE**

turn to Hewitt Transmission Belt for 5 advantages



● Depend on HEWITT's five cost-cutting advantages to bring your transmission belt costs to an all time low. Extreme flexibility, elimination of ply separation and exclusive construction features can be counted on to give your plant lower operating costs. Extra sturdiness and added stamina are actually built in for longer life and fewer replacements. Your HEWITT distributor will be glad to tell you how HEWITT Transmission Belt is cutting costs for other plants in your area. For your convenience, he's listed in the classified telephone directories of industrial centers under "Rubber Goods" or "Belting."

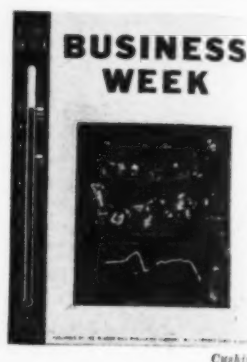
1859 For 80 years, NEWITT Brums have been recognized as outstanding
examples of advanced research and exceptional craftsmanship. **1939**

HEWITT

RUBBER CORPORATION, BUFFALO, N. Y.

HOSE • CONVEYOR AND TRANSMISSION BELTS • PACKING

**THIS
BUSINESS WEEK**



This week's BUSINESS WEEK cover celebrates—if that's the right word—the tenth anniversary of the stock market crash on Oct. 24, 1929. And, as October, 1939, draws to a close, business is again in a state of transition, as it was ten years ago, but this time it's on the rise. It's approaching 1929 levels—as the cover chart shows—but without the tremendous market inflation of that year. Then and now, a comparison of business conditions and prospects, in the story, "1929—Down: 1939—Up" on p. 27 with a full page of charts (on p. 26) to show just where business stands today in relation to the two high points in American industrial history, 1929 and 1937.

Surplus

ENCOURAGED by the rousing success of its food-stamp plan to distribute surplus foods to relief families, the Federal Surplus Commodities Corp. has launched an experiment in Shawnee, Okla., whereby its stamp plan is extended to take in non-relief, low-income families. The FSCC gave the new experiment plenty of publicity in Shawnee before it started operating, but only 400 takers turned up to take advantage of it. It looks as though employed people don't like the idea of accepting government aid—p. 15.

Quarter Books

THE GREAT AMERICAN PUBLIC does more than its share of reading when you

BUSINESS WEEK • OCT. 28, 1939 • NUMBER 530

(with which is Combined the Magazine of Business). Published by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman, Publication Office, 129-1230 North Broadway, Albany, New York. Editorial and executive offices, 330 W. 42nd St., New York, N.Y. James H. McGraw, Jr., President, Howard Ehrlich, Executive Vice-President, Mason Britton, Vice-Chairman, B. R. Putnam, Treasurer, D. C. McGraw, Secretary, I. E. Blackburn, Director of Circulation, \$5.00 per year and Canada; \$7.50 per year; 20c per copy; matter December, 1936; Albany, N.Y., under the Ad. In U.S.A. Copyright, 1936, Publishing Company, Inc.

A MCGRAW-HILL

PUBLICATION

match it against Americans come papers and magazines perennially make non-book readers. Luring them goes. Publishers are just the attempt. The Pocket Book success with a (print), low-price line of tried titles "The 1000 Highest Heights", "The 1000 Lowest of Mankind", as well as a many others are stepping share of this

p. 34.

Strange H

THE FARM can build a liv for as little to find a sub ing for low-in made use of various sectio cotton, mud, steel. How t they cost, a sorted mate have been s by a full pa show off sar ingenuity.

Liquor

WESLEY A. S...
sor, was cho...
Distilled Spi...
of W. Forbe...
some time...
panies supp...
nently satisf...
weeks ago, t...
the industry...
series of pro...
tices for the...
clad a formu...
What the St...
pose and wh...
—p. 16.

Mobilizat

THOUGH THE
banded the
month, said
be any gre
report on in
time, busine
the report
soon if, as
announceme
the next 10
the report

Slowdown

LABOR REVOL
fighting tec
mands in De
United Aut
it in their
it works—r

match it against other countries, but Americans concentrate largely on newspapers and magazines. Book publishers perennially tackle the problem of getting non-bookreaders into the habit by offering them good, cheap books—but publishers are just as regularly thrown in the attempt. However, a new contender, the Pocket Book, is having a spectacular success with a series of small-size (4½ x 6½ in.), low-priced (25¢), paper-covered reprints of tried-and-true books ("Wuthering Heights", "Show Boat", "The Story of Mankind", and so on). It's doing so well, as a matter of fact, that competitors are stepping up now to claim their share of this hitherto untapped market —p. 34.

Strange Houses

THE FARM SECURITY ADMINISTRATION can build a livable, five-room frame house for as little as \$1,100, but in its attempt to find a substantial, satisfactory dwelling for low-income families, the FSA has made use of such native materials, in various sections of the United States, as cotton, mud, adobe, and galvanized sheet steel. How the FSA builds them, what they cost, and how successful the assorted materials used in construction have been so far—p. 20, accompanied by a full page of pictures on p. 21 to show off samples of the organization's ingenuity.

Liquor

WESLEY A. STURGES, a Yale law professor, was chosen executive director of the Distilled Spirits Institute after the death of W. Forbes Morgan in 1937, and for some time afterward the liquor companies supporting the Institute were eminently satisfied with their choice. A few weeks ago, though, Dr. Sturges brought the industry up with a jolt by offering a series of proposals for a code of practices for the industry, as rigid and iron-clad a formulation as they had ever seen. What the Sturges code ventures to propose and what the industry thinks of it —p. 16.

Mobilization

THOUGH THE PRESIDENT, when he disbanded the War Resources Board last month, said he didn't think there would be any great public interest in their report on industrial mobilization at this time, business still wants to know what the report has to say. It will find out soon if, as board members say, a public announcement may be expected within the next 10 days. What insiders think the report will say—p. 35.

Slowdown

LABOR REVIVES an old but little-known fighting technique to back up its demands in Detroit—the slowdown. C.I.O.'s United Automobile Workers are using it in their dispute with Chrysler. How it works—p. 46.



"That's all right, Mr. Payne; just dictate it. I'll get 200 copies out in 30 minutes—and not bother another person"

MAKE routine jobs of all such rush jobs, and don't let them upset your office. One girl can expertly handle any "crisis" by using your duplicator and Hammermill Duplicator Paper. In just a few minutes she can run off all the copies you need. No time wasted. No trouble. No jitters. It's convenient to keep a supply of Hammermill Duplicator with printed headings on hand for jobs that come up in a hurry.

With Hammermill Duplicator you get more copies from every master sheet. It runs well on either gelatin or spirit duplicator. On the spirit machine it is an exceptional economizer of contact fluid, and insures a large number of clear, readable copies when used with Hammermill Master Paper, a new product developed in Hammermill laboratories.

Get Hammermill Duplicator (in white and 6 colors), Hammermill Duplicator Bristol (in filing card weight), and Hammermill Master Paper from your printer or stationer.

Test Hammermill Duplicator now. Mail coupon for free 100-sheet packet of Hammermill Duplicator Paper and test sheets of Hammermill Master Paper; included will be "Duplicator Facts," a booklet of useful tips on speeding up your duplicator work. Send for it today.

LOOK FOR THE WATERMARK

HAMMERMILL

DUPLICATOR PAPER

MADE BY THE MAKERS OF HAMMERMILL BOND



Send for it!

Hammermill Paper Co., Erie, Pa. BW-10-38

Please send me FREE 100-sheet test packet of Hammermill Duplicator Paper, test sheet of Hammermill Master Paper, and "Duplicator Facts" booklet.

We operate a ☐ spirit-type, ☐ gelatin-type duplicator.

Name _____

(Please attach to your business letterhead)

SERVICES TO BUSINESS IN NEW YORK STATE...

"The World's Richest Market"

Example No. 11

"I gave Mr. Blake your message. He said to tell you that we get our up-state credit information from the local Marine Midland banks. He says that, because these banks are right on the spot, they are able to supply such information quickly and accurately."



► Marine Midland banks throughout New York State have intimate knowledge of local conditions through many contacts in the 35 trading centers where they are situated. We will gladly show you how they, through this bank, can serve your business.

The
**Marine Midland
Trust Company
of New York**

120 BROADWAY

Member Federal Deposit Insurance Corporation

NEW BUSINESS

Sales Strut

MASTER ELECTRIC Co. has known for several years that if a prospect could be taken to the plant at Dayton there was a better chance of selling him an electric motor. Since customers were not enthusiastic about trips by train, the company bought a cabin plane—but many men were "skittish about flying with unknown pilots in private planes." Solution: chartered trips on regular airliners with the conventional crew of pilot, copilot, and stewardess.

Americans living in Bermuda have formed a committee to assure timid tourists that nothing has changed in the colony since the war started. Stressing the continued hospitality of the island, the Americans quote the Acting Governor, His Excellency, Lieutenant-General R. J. T. Hildyard: "I hope our American cousins will continue to pay us visits. There is no reason why they should not. We can guarantee to send them back rejoiced and charmed..."

"Are You Color-Blind?" (a chart printed for Hearst-papers' *The American Weekly*) has aroused "so much commendable comment" as an interesting promotion that Geo. H. Morrill Co., 100 Sixth Ave., New York, offers a free copy to anyone who writes.

Some innovations in retail store design were embodied in Sears, Roebuck & Co.'s newest Los Angeles outlet. The store, which was opened last week, is built on a hillside along one of the city's main boulevards and customers can drive off the highway onto a roof parking space that holds 300 cars. Six double-deck display windows run along one side of the store. Upper windows will contain "billboard" type displays to catch the eye of passing motorists and bus passengers. Lower panels will appeal to pedestrians.

Making Money

IN SEPTEMBER 10,714 pianos were shipped, the largest monthly shipment in the recorded history of the industry, according to the National Piano Manufacturers Association. An overload of 5,819 unfilled orders was carried over into October.

Railroads

SOME STATISTICS, compiled by *Railway Age*, on streamliners: The Sam Houston Zephyr and the Texas Rocket (Fort Worth to Dallas to Houston) and the Twin Zephyrs (Chicago to Minneapolis) all have an overall scheduled speed of 66.6 m.p.h. All stops between initial and final termini are included in this reckoning. The City of Denver (Chicago to Denver) is clocked at 65.4 m.p.h. for the trip. El Capitan and the Super Chief

(Chicago to Los Angeles) have an overall scheduled speed of 56.6 m.p.h. Revenue per train mile, which is paid passenger fares only, is \$2.22 for the Super Chief. On the Chicago to New York run, the Broadway Limited is scheduled at 56.7 m.p.h., the Twentieth Century Limited at 60 m.p.h. Revenue per train mile for the Twentieth Century: \$3.43.

Losing Money

IN HIS ANNUAL report to Nicholas Murray Butler, Dean Roswell C. McCrea of the Columbia University School of Business says that the "growing shortage of funds" will force colleges and universities (especially those privately endowed) to stop setting up arbitrary spheres of knowledge for half-baked courses.

What's New?

THE BUREAU OF STANDARDS for the French motor industry has established universally understandable symbols for the control buttons on bus dashboards, so that now not even a Moor from the colonies would have to fumble before driving away. Horn button—picture of a horn; starter button—spiral arrow; bright lights—a sun; dim-lights—a half-sun; ignition—a lighting flash.

California lettuce growers are developing "lettuce kraut," a substitute for sauerkraut. Idea is that maybe the people who object to the strong flavor and odor of kraut from cabbage will like the milder flavor produced by the lettuce. Growers see a market for surpluses.

Adhibitions

AN ELECTRICAL store in New Orleans, the Oak Appliance Co., 8220 Oak St., advertises an oversupply of refrigerators and a request for free storage space in the city's homes. In return for accommodating the store, the home-owner can use the refrigerator and there is no charge for haulage. The congestion at the store clears up in a few days and the refrigerator is called back—if it hasn't sold itself.

Add What's New?

THE PHOTOELECTRIC CELL has been utilized by Photobell Corp., 123 Liberty St., New York, to make a gadget called the "Sentinel." It can be made to open doors, buzz the approach of a customer, or set off the burglar alarms.

Swartzbaugh Manufacturing Co., Toledo, is marketing an electric roaster with a control which automatically opens or closes the cover.

With its eye on the Christmas market, NuTone Chimes, Inc., Cincinnati, has introduced the "Time-Chime," a combination kitchen clock (Telechron) and door chimes.

WASHINGTON
The neutr
to conferen
the form or
President th
Isolationist
With the ex
ment strikin
sales to b
amendments
record with
Department
Even with
to the opp
debate in th
Normal rul
an hour on
tion is to
rule, but fi
end of next

Senate Ac
VOTES WERE
the House b
that freed tr
in the Americ
Indian Ocean
Canada as a
the Administ
not heavy m
contrasted w
the Senate.
With this
hind them,
body will yie
on virtually
cause, excep
embargo, the
in the direct

Isolationis
NEW DEALER
hostile camp
toward each
shown for t
new Pan-Am
publicly by
One of the
ican bloc th
tween any
Europe and
lationalism is
pro-Ally blo
in leaving Pa
are Bullitt,
though far av
over the tele

And Wha
CANADA, JA
RACAO—all p
flying the fla
—must bec
Pan-America
insist that
the foreign
ations.

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau) —The neutrality bill, when it goes to conference, will be much nearer the form originally desired by the President than it was when the isolationist bloc began its attacks. With the exception of the amendment striking out 90-day credits on sales to belligerents, all other amendments remove restrictions in accord with White House and State Department wishes.

Even with the utmost concessions to the opposition in the House, debate in that body will be brief. Normal rules would permit only an hour on each side. The disposition is to allow more by special rule, but final passage before the end of next week seems assured.

Senate Actions Please House

VOTES WERE MADE rather than lost in the House by the Senate amendments that freed trade with belligerent ports in the Americas, and in the Pacific and Indian Oceans, and virtually classified Canada as a neutral. As a consequence, the Administration has a sure though not heavy majority in the House, as contrasted with the two-to-one vote in the Senate.

With this certain House majority behind them, conferees representing that body will yield to the Senate conferees on virtually all important points because, except on repeal of the arms embargo, the Senate has been working in the direction of House sentiment.

Isolationism Splits New Deal

NEW DEALERS are splitting into two hostile camps, showing as much venom toward each other as either has ever shown for the reactionaries, over the new Pan-American doctrine propounded publicly by Col. Charles A. Lindbergh.

One of the leaders of the Pan-American bloc that would sever all ties between any part of the Americas and Europe and follow a policy of strict isolationism is Sec. Wallace. Leaders of the pro-Ally bloc, which naturally believes in leaving Pan-America status quo alone, are Bullitt, Kennedy, and Biddle, who, though far away, are talking to Roosevelt over the telephone.

And What About Canada?

CANADA, JAMAICA, MARTINIQUE, CUBA—all portions of the Americas now flying the flag of any European country—must become independent, say the Pan-Americans. Some go further and insist that Washington must dominate the foreign policies of all the American nations.

"Fight to force Canada to do this?" This question propounded by Jesse Jones of the "let them alone" bloc, is evaded by the Pan-Americans, but they maintain Canada *et al.* would jump at the chance. No one outside the Pan-Americans, of course, believes this.

The Gun Behind the Man

BEST OF THE WORLD WAR RIFLES was the 1903 model Springfield but because it couldn't be produced in large quantities on short notice the Army had to turn to other types. Its manufacture requires 103 different dies, 463 jigs and fixtures, 506 special cutting tools, 1,320 working gauges, and 1,330 inspection gauges.

In the production of the semi-automatic Springfield the Army figures the problem can be eased by the issuance now of "educational" orders so that a plant producing sporting rifles can be quickly converted into an arsenal if and when necessary. The first of these

orders has gone to Winchester Repeating Arms Co.

Must the Army Pay?

VISIONS OF TRYING to collect two bits each from a squadron of tanks are troubling the dreams of toll bridge operators. Directors of their association checked up and found that though courts have held the Army must pay bridge tolls in peacetime, nobody knows whether or not soldiers could cross free if this country were at war.

As proprietors of prize bomb-targets, the operators are wondering too whether they would be entitled to compensation for war losses.

The Tax Answer

TO SUPPORT HIS ARGUMENT that only improved business and a larger national income will produce the additional three or four billions needed to cover the present cost of government, Under-Secretary Hanes of the Treasury readies his answers to every proposal for increased taxes which Congress will mull over next session.

Broadening the income-tax base by lowering exemptions might produce \$250,000,000. That's something but not enough. Upper income-tax brackets have passed the point of diminishing returns, and producing as much as a \$1,000,000,000 additional revenue would require a brutal increase in middle- and lower-bracket rates.

The corporation income rate, except on smaller corporations, is 18%—an all-time high. If that rate were doubled, the increase would be only \$1,250,000,000.

Even an enormous increase in estate and gift taxes, now running as high as 70%, would produce no more than \$400,000,000.

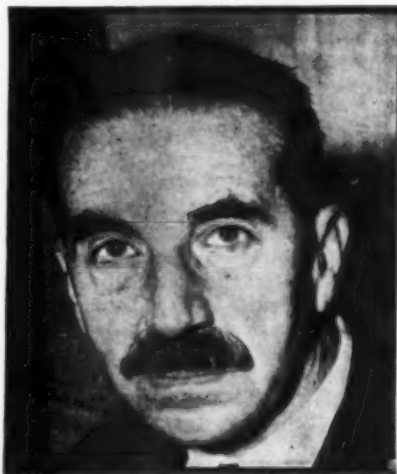
Thus, outside the sales or excise taxes, the government can't hope to raise more than about \$2,500,000,000 and, in Hanes' opinion, the shocking tax increases that would be necessary to bring in that much at present national income levels would defeat the object sought.

Building Drive Moves Fast

Sr. Louis is next in line in the Justice Department's drive to bring down building costs by eliminating trade restraints imposed by manufacturers, contractors, and labor unions. Thurman Arnold's squad will be ready to spill its evidence to a federal grand jury there in a week or so.

Already underway in Cleveland and Pittsburgh, grand jury investigations will follow within six weeks or two months in Chicago, New York, New

He Told Them So



Harris & Ewing

Joe Green of the State Department, Washington's last word on neutrality legislation, could be saying, "I told you so"—even if he isn't. Last spring he was telling senators and representatives that the odds ought to be three-to-two in favor of war, but that those odds should be reversed if the arms embargo were promptly repealed. He has been enforcing, and living with, the changing neutrality laws since long before the present trouble started, is known, personally to favor helping Britain and France.

GET BETTER HEATING WITH LESS STEAM IN ROCHESTER HOSPITAL

Genesee Hospital Group Secures
Even Heat Distribution with
Webster Hylo System

5 YEARS OF HEATING ECONOMY

Saves Over 3 Million Pounds of
Steam Annually During Three
Recent Heating Seasons

Rochester, N. Y.—Improved heating secured in the group of buildings which make up The Genesee Hospital is a result of a Webster Heating Modernization Program carried out in 1934.

Before modernization, it was estimated that the Webster Hylo System would save 1,182,000 lbs. of steam annually, while providing even heat distribution.

During three recent heating seasons, 1936 to 1939, the Webster Hylo System has helped The Genesee Hospital to save 3,072,074 lbs. of steam annually with a marked improvement in heating service.



The Genesee Hospital, Rochester, N. Y., North Wing

The Webster Hylo System takes steam from any source at any pressure and assures efficient, economical distribution. In The Genesee Hospital Group, steam is secured from the mains of the Rochester Gas & Electric Co. Landis Shaw Smith, of this Company, says:

"With Webster heating controls, steam consumption has been substantially reduced in The Genesee Hospital. On that point, the record speaks for itself. What is more important, the comfort that is so essential in hospital service has been maintained."

Dr. Leslie H. Wright, Superintendent of The Genesee Hospital, is well satisfied with the savings and heating comfort secured with the Webster Hylo System.

Martin W. Utz Co., of Rochester, acted as modernization heating contractor.



LOW HEATING COST

GET THIS BOOK... Read the fact stories about economy and comfort in the heating of 144 buildings. No exaggerated claims. No promises. Just 64 pages of heating results. Ask for "Performance Facts."

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Representatives in 65 principal U. S. Cities—Est. 1888

Orleans, San Francisco, Seattle, Los Angeles, Detroit. Indictments are expected in Cleveland in 30 days.

USHA Gets Low Insurance

THE U. S. HOUSING AUTHORITY doesn't own the public housing projects for which it loans money, but it does own 44 of the old "demonstration" projects that PWA built. And it's using its ownership to force down fire insurance costs of the whole housing program.

A few months ago USHA went to bat with mutual and stock companies, flaunting a story that construction and maintenance standards of public housing meant lower risks. Then USHA called for bids. Result: purchase of insurance for the 44 projects at a 3-year premium of \$69,795—less than half the rate-book premium of \$182,100 previously paid. This is a rental saving of 10¢ to 75¢ per month for each tenant.

Main idea, of course, is that companies can hardly avoid giving similar rates to the 250 projects owned by local housing authorities.

Finger on Phone Rates

A "FLYING SQUADRON" of experts to aid state utility commissions in investigating Bell System rates throughout the country is anticipated by the Federal Communications Commission in its request for a \$1,000,000 boost in next year's appropriation. The commission is planning to carry on a continuous scrutiny of A. T. & T. long distance rates and of local exchange rates. Now operating on an appropriation of \$1,838,000, FCC is asking for \$3,000,000 next year.

O'Mahoney Bill Finds Favor

EVIDENCE that Sen. O'Mahoney, chairman of the Temporary National Economic Committee, is enlisting support for his federal incorporation bill among government agencies strongly dominated by New Dealers is steadily growing.

A comparatively unknown special assistant to Attorney General Murphy, Christopher Del Sesto, recommended legislation along lines of the O'Mahoney bill during TNEC's hearings on oil.

Del Sesto also suggested, with the obvious approval of TNEC's New Deal contingent, that the Securities & Exchange Commission be given power to enforce uniform accounting methods on all corporations under its jurisdiction for the purpose of revealing their exact financial condition.

Toothpaste Cartons Too Big

REVISION of manufacturing practices, perhaps redesigning of machines, may be forced on toothpaste makers by the Food and Drug Administration's objection to the use of big cartons for little tubes. FDA contends that these containers violate the new law because they are deceptive; manufacturers say existing machines will not pack tubes tightly in

Singer Gets Stuck

A FEW WEEKS AGO the government decided to get rid of two antiquated sewing machines and asked for bids. After a hasty reading of the bid call, someone at Singer Sewing Machine jumped to the conclusion the government wanted to buy machines and submitted a bid. Result: the Comptroller General's office forced Singer to buy for \$95.25 each two junked machines for which the next bidder had offered \$7.50.

cartons and are now conferring to see what can be done. If and when they come to a conclusion, they will try to reach an agreement with FDA on reasonable tolerances. Pepsodent, Listerine, Ipana, Iodent, Forhan's are among brands so far seized by FDA.

Liquor's Best Year

IN SPITE OF HIGHER TAXES in ten states, the liquor industry is having its banner year, ahead even of 1937. Federal tax receipts point to an increase in consumption of all domestic distilled spirits in the first three quarters of 7% over 1938.

Taxpaid whisky withdrawals are up 10%, led by bottled-in-bond whiskies, up 56% over last year. Total whisky imports are down due to the shift of Canadian company operations to the U.S., but Scotch imports are up 10%.

Sharp price reductions based on maturing reserves, outrunning tax increases, account for much of the rise in sales—but wine is up 16% and beer 3%. Wine people point to their current promotion campaign, but that doesn't explain the 35% jump in consumption of imported wines.

FTC vs. NLRB

ON THE GROUND that it's tough to be slapped by one government agency for something another tells you to do, Continental Baking Co. and seven Sioux City bakers are asking the Federal Trade Commission to ease up prosecution of complaints lodged against them.

FTC charges that the bakers and Local No. 383 of the teamsters union (A.F.L.) conspired to keep independent bakers out of Sioux City and raise prices through collective bargaining agreements which carried clauses barring sale of bakery products to independents in Sioux City unless they were operating prior to Jan. 1, 1938. FTC said the union enforced the clause through intimidation and coercion.

In answer to the complaints the bakers say they didn't want the clauses in the agreements, but that unions insisted on them and they accepted them after the National Labor Relations Board's regional director in Minneapolis approved them.

130
120
110
100
90
80
70

THE IN PRODUC

★ Steel Ing
★ Automobi
★ Residentia
★ Engineeri
★ Electric M
★ Crude Oil
★ Bituminou

TRADE

★ Miscellan
★ All Other
Check Pa
Money in
Departmen

PRICES

Spot Com
Iron and
Scrap Ste
Copper (C
Wheat (C
Sugar (C
Cotton (C
Wool Top
Rubber (C

FINANC

Corporate
U. S. Bo
U. S. Tr
Call Loan
Prime Co
Business

BANKIN

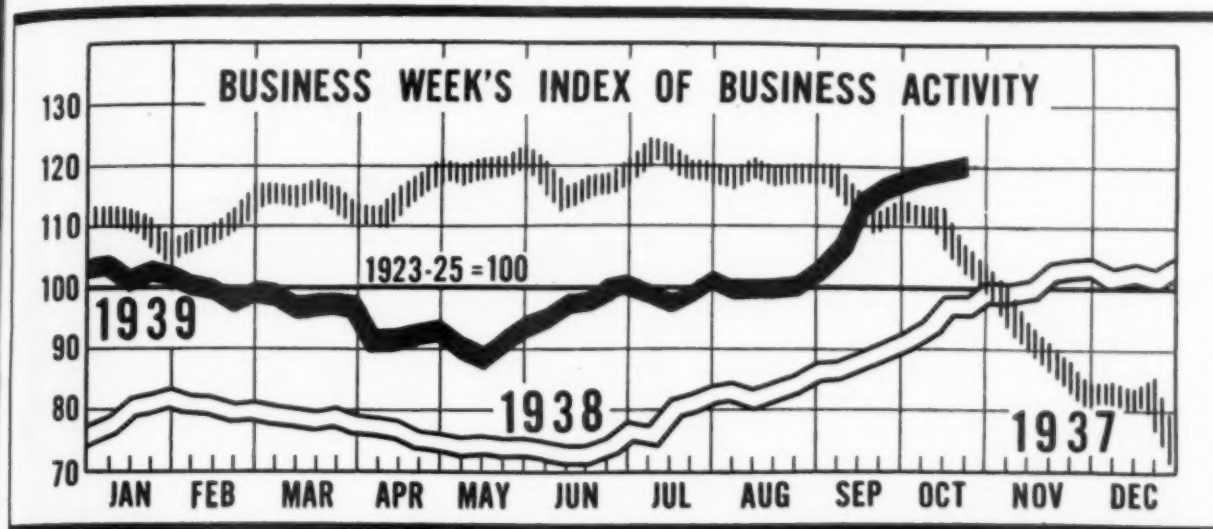
Demand
Total Lo
Commer
Securitie
U. S. G
Other S
Excess I
Total Fo

STOCK

50 Indus
20 Railr
20 Utilit
90 Stock
Volume

★ Factor I

THE FIGURES OF THE WEEK



THE INDEX

PRODUCTION

	% Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX	*121.8	†121.1	118.0	94.3	98.9
*Steel Ingot Operations (% of capacity)	90.2	90.3	83.8	48.6	53.7
*Automobile Production	74,114	75,860	53,950	90,280	68,360
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands)	\$5,535	\$5,303	\$4,925	\$4,960	\$4,338
*Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands)	\$10,655	\$10,753	\$9,102	\$10,031	\$10,256
*Electric Power Output (million kilowatt-hours)	2,494	2,495	2,449	2,199	2,214
Crude Oil (daily average, 1,000 bbls.)	3,772	3,714	3,681	3,527	3,247
Bituminous Coal (daily average, 1,000 tons)	1,738	1,692	1,491	353	1,384

TRADE

*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	83	82	80	67	76
*All Other Carloadings (daily average, 1,000 cars)	58	57	54	24	45
Check Payments (outside N. Y. City, millions)	\$4,493	\$3,983	\$4,687	\$4,091	\$4,683
Money in Circulation (Wednesday series, millions)	\$7,330	\$7,346	\$7,236	\$6,858	\$6,668
Department Store Sales (change from same week of preceding year)	+9%	+11%	None	-20%	-18%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100)	166.7	168.0	171.8	138.9	144.9
Iron and Steel Composite (Steel, ton)	\$37.56	\$37.62	\$37.16	\$36.29	\$36.54
Scrap Steel Composite (Iron Age, ton)	\$20.88	\$21.00	\$21.67	\$14.33	\$14.17
Copper (electrolytic, Connecticut Valley, lb.)	12.500¢	12.500¢	12.000¢	10.083¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$0.83	\$0.82	\$0.86	\$0.69	\$0.64
Sugar (raw, delivered New York, lb.)	3.30¢	3.55¢	3.64¢	2.94¢	3.09¢
Cotton (middling, New York, lb.)	9.30¢	9.20¢	9.20¢	8.95¢	8.75¢
Wool Tops (New York, lb.)	\$1.180	\$1.210	\$1.297	\$0.838	\$0.841
Rubber (ribbed smoked sheets, New York, lb.)	20.69¢	20.36¢	21.27¢	15.77¢	16.88¢

FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues)	5.63%	5.64%	5.75%	5.82%	5.70%
U. S. Bond Yield (average of all issues due or callable after twelve years)	2.55%	2.66%	2.74%	2.29%	2.47%
U. S. Treasury 3-to-5 year Note Yield	0.70%	0.86%	1.09%	0.50%	0.67%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate)	½-¾%	¾-1%	¾-1%	¾-1%	¾-1%
Business Failures (Dun & Bradstreet, number)	218	179	162	268	227

BANKING (Millions of dollars)

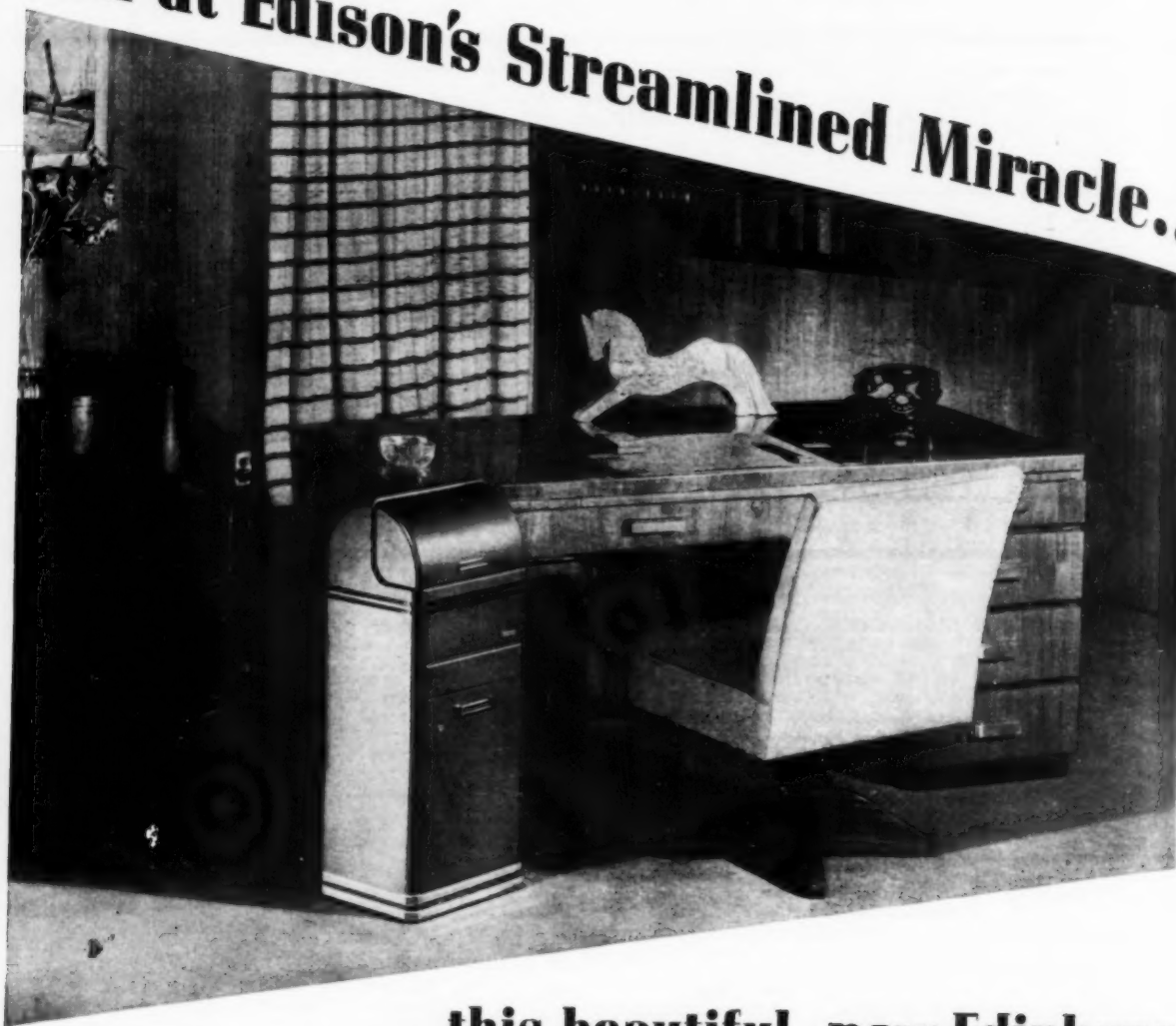
Demand Deposits Adjusted, reporting member banks	18,567	18,451	18,175	16,619	15,755
Total Loans and Investments, reporting member banks	22,563	22,568	22,339	21,808	21,314
Commercial and Agricultural Loans, reporting member banks	4,286	4,288	4,201	3,858	3,908
Securities Loans, reporting member banks	1,049	1,034	1,042	1,227	1,241
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks	10,798	10,799	10,658	10,303	9,758
Other Securities Held, reporting member banks	3,342	3,361	3,362	3,398	3,266
Excess Reserves, all member banks (Wednesday series)	5,510	5,400	5,275	3,998	3,265
Total Federal Reserve Credit Outstanding (Wednesday series)	2,617	2,610	2,683	2,591	2,589

STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics)	126.8	125.2	127.2	105.8	131.6
20 Railroads, Price Index (Standard Statistics)	35.4	34.8	34.9	25.6	32.2
20 Utilities, Price Index (Standard Statistics)	69.7	68.5	68.1	62.5	68.3
90 Stocks, Price Index (Standard Statistics)	103.5	102.1	103.4	86.4	105.8
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares)	1,146	1,048	1,679	451	1,696

* Factor in Business Week Index. * Preliminary, week ended Oct. 21st. † Revised. ‡ Date for "Latest Week" on each series on request.

Look at Edison's Streamlined Miracle..



**this beautiful, *new* Ediphone
makes your job much easier!**

Sleek, trim and efficient. It's popping up in all the top executives' offices. This new Edison Voicewriter really is a beauty. Your secretary will like the clearness of your voice over it. Every one in the office will like its simplicity. But most important, *you'll* be tickled with the way this Ediphone streamlines your day.

What a man-saver Ediphone Voice Writing is! Lift the receiver and get everything off your mind. Memos, correspondence, instructions, notes... can all be talked into the Ediphone the

second they enter your thought—before they have a chance to get fuzzy—before they tax your memory—before details become problems.

Ediphone Voice Writing streamlines a man's work by taking the nuisance bumps out of his daily routine. Seeing this new miracle is a "must"! No obligation. Telephone the Ediphone (your city) or write Dept. B10, Thomas A. Edison, Inc., West Orange, New Jersey. In Canada, Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.



SAY IT TO THE

Ediphone

EDISON VOICewriter

gestion
has onl
ences in

For two v
put has b
strictly sea
panding ray
cut into the
week endo
turned out
blies—25,00
fell to less
week were
however, C
localized a
affect gene
tinue at u
time of the
above 90%
finitesimal
rate was t
production

Waiting

Chrysler
than just
business.
Index has
this time
up of a
normal au
bound to
employe
mand, or
eventually
that goes
tion and
competing
eral Moto
duction
assemblies
questionab
votes wa
or De Sot

Moreov
not be th
dustry's h
possible t
United A
attempt
General
wide im
simply b
than 40%
United S
only in a
shipping,
labor str

BUSINESS WEEK

October 28, 1939

THE BUSINESS OUTLOOK

Labor troubles affect automobile picture. Suggestion of parallel between current situation and 1937 has only limited validity. There are important differences in inventory position and government policy.

FOR TWO WEEKS NOW, automobile output has been going down when, on a strictly seasonal basis, it should be expanding rapidly. The Chrysler strike has cut into the production rhythm. In the week ended Oct. 7, Chrysler plants turned out their normal quota of assemblies—25,000. But last week assemblies fell to less than 2,000, and early this week were approaching zero. As yet, however, Chrysler's troubles have been localized and have not had time to affect general business. Carloadings continue at unusually high levels for this time of the year, while steel output holds above 90%. Indeed, this week's infinitesimal drop of 0.1% in the operating rate was the first decline in daily steel production in a dozen weeks.

Waiting for Chryslers

Chrysler's labor difficulties have more than just a temporary significance to business. It's true BUSINESS WEEK's Index has moved up another notch—this time 0.7%—but ultimately, a tie-up of a company embracing 25% of normal automobile production would be bound to have its repercussions—on employment, on payrolls, on steel demand, on freight carloadings, and eventually on all industrial endeavor that goes into consumer goods production and consumption. Undoubtedly, competing companies—Ford and General Motors—would step into the production breach by increasing their assemblies; but some sales would unquestionably be lost, as Chrysler devotees waited for Plymouths, or Dodges or DeSotos to come off the line.

Moreover, the Chrysler trouble may not be the end of the automobile industry's battles with labor. It is quite possible that the C.I.O. branch of the United Automobile Workers may later attempt to strengthen its position in General Motors. That would have a wide impact on industrial activity simply because G.M. turns out more than 40% of all cars made in the United States. What's happening—not only in autos, but in steel, in textiles, in shipping, and in meat packing—is that labor strategists are taking advantage

of their enhanced bargaining power. It's sound tactics to threaten strikes when hurry-up calls for deliveries are dogging all producers, as in 1937.

Indeed, the skeptics of the current recovery are citing 1937 as a perfect forecast of what's ahead for business once industry works off the orders it now has on its books. And there is some justice in the parallel. In the spring of 1937, there was talk of inflation, prices rose, and purchasing agents were in there trying to beat the rise. Labor was on the march, so there was a terrific effort to get things produced before wage rates went up. As a result of

this compounding of haste to produce there was a vast inventory expansion.

But There Are Differences

But there were other economic influences at work in 1937 which do not justify riding the parallel too hard. First, in the spring of 1937, government deficit spending underwent sharp contraction; second, the Federal Reserve Board had been increasing reserve requirements of member banks as part of its deflationary policy to "curb the boom"; third, President Roosevelt cracked down on the rise in prices, and instantly checked the incentive to buy.

This time, circumstances are different. Government expenditures are still on a high level and, instead of being cut off suddenly, as in 1937, are being contracted gradually; further, the expanding federal armament program will continue as a prop to the heavy indus-

In the Outlook—Rail-Truck Court Battle

COINCIDENT with the convention of American Trucking Associations Inc., in Chicago, the Department of Justice, late this week, filed suit against the Association of American Railroads and 236 member companies for violation of the Sherman Anti-Trust Act. Charge: That the railroads have refused to establish rail rates on loaded trucks, trailer and truck bodies, "all commodity" rates, container and similar rates, and have also declined to establish through rates, joint rates, and joint billing arrangements with motor carriers. A.T.A. has frequently complained of railroad "non-cooperation." The railroads' policy, according to the Department of Justice, is dictated by the railroad association.

The policy has also been questioned by railroad officials. Luther Walter, co-trustee of the Chicago Great Western, testifying before the House Committee on Interstate Commerce last spring (BW—Apr 1 '39, p 17), told how the Great Western had published rates for hauling trucks on flat cars, despite an A.A.R. resolution, adopted June 25, 1937, con-



John J. Pelley
A.A.R. President

demning joint rates with motor carriers. Walter declared the association's resolution an action "in restraint of trade that strikes down the trucks, and prevents the public from getting through rates."

However, R. V. Fletcher, A.A.R.'s counsel, replied at that time that the association's resolution doesn't advise against making joint rates except in cases where the effect is to invade the territory of other railroads. In such cases, he insisted, joint rates would defeat the requirement of the Interstate Commerce Act that railroads must obtain permission from the Interstate Commerce Commission to extend their lines. John J. Pelley, A.A.R. president, took the same stand in commenting on the anti-trust suit this week.

Assistant Attorney-General Thurman Arnold says the object of the suit is to restore to individual roads freedom of action to enter into through-transportation arrangements with motor carriers, asserts that a government victory will stimulate experimentation in coordinated rail-truck service to develop more efficient and economical transportation.

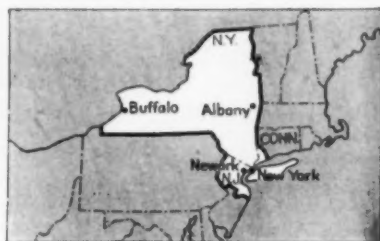
tries. Far from being anxious at the moment to check credit expansion, the Treasury and the Reserve Board are using their powers to support the government bond market. Finally, though the government has frowned on price rises, there has been no sudden pronouncement such as President Roosevelt's deflating statement of April 2,

1937. Indeed, the government's entire policy has been one of caution—not to check the rise, but to guide it upward.

Thus, though the labor problem and the inventory problem bear a resemblance to 1937, the parallel does not go all the way. Moreover, there is an important difference between the inventory position today and in 1937.

In 1936 and 1937 production ran along for 15 consecutive months around 110 in the BUSINESS WEEK INDEX. There was time to accumulate excessive inventories. Now, however, production has been around 110 for less than two months. That hardly suggests an inventory glut, yet, or that an immediate setback is in order.

The Regional Business Outlook



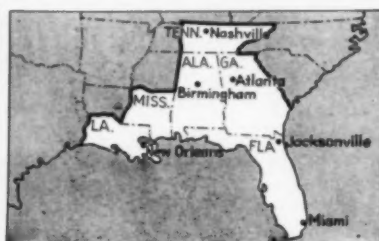
NEW YORK—Manufacturers' eyes are on the national retail sales indexes. Since the backbone of this area's diversified production is finished consumer goods—such as dresses, suits, overcoats, gloves, carpets, shirts, and millinery—expansion from current comparatively high operating rates waits on reorders from the nation's merchants along Main Street as well as Fifth Avenue. Present manufacturing schedules are based on the hopes engendered by the 7% expansion in department store sales from July to September, and manufacturers are now counting on the country's heavy industry centers to provide increased retail purchasing power and reorders.

Milk Income Rises

Heavy industries in this Reserve district also are sharing in the national pickup. Buffalo steel mills are running at 90% of capacity, electrical machinery plants in Newark and Elizabeth have been expanding employment, while shipbuilding on the New York-New Jersey coast, as elsewhere in the United States, has been booming.

Although over-all payrolls in this area are only 5% below 1937, the sharpest recent improvement has been in dairy income. Since the validation of the federal-state marketing Orders in June, average milk quotations have more than doubled, reaching the best level in several years. Miscellaneous agricultural products are also bringing in better returns as a consequence of the general upswing in commodity prices.

Exporters and warehousemen are hopefully awaiting the boom in foreign orders to revive activities on the waterfront and bring back the profits New York has lost in the past ten years of diminishing export trade.



ATLANTA—Outward business manifestations here continue strictly bullish. Department store sales are running some 15% ahead of a year ago. Cotton mills are averaging better than two full 40-hour shifts. For the first time since the World War every blast furnace in Alabama is firing, and Sloss-Sheffield Steel, encouraged by high prices, has gone into ferromanganese production, using Cuban ore shipped to Mobile.

Lumber output is still up, though sales have tapered off a bit. Coal mines, chronic industrial complainers in Alabama and Tennessee, have little to grumble about. Southern paper and pulp is in demand, now that Scandinavian shipments are slowed up. In Yazoo County, Miss., a second producing oil well was brought in last week and "corroborated" the strike there; 700 drilling permits have been issued. General Electric's first southern unit, a \$750,000 headlight plant, is slated for Jackson, Miss., and rounds out the picture of industrial prosperity.

Bearish Undertones

But there are undertones. Cotton textile mills can't go along at current schedules indefinitely. The duration of the 1936-37 boom was 20 to 22 months—longest on record; this one has lasted 16 months already. Curtailment of lumber operations by December seems logical. A \$2.40 minimum daily wage for unskilled labor threatens profit margins.

Farm buying power is well sustained. The 1939-40 citrus season promises to be better than its predecessor; cotton income is good; and farmers, urged on by state agricultural authorities, are planting increased acreage to winter grains—for diversification and expected high war prices.



KANSAS CITY—The chief improvement in this agricultural region the last few weeks has been in sentiment and in the heavy industries. Though commodity prices have held a good part of their war gains and livestock producers have profited accordingly, unusually poor seeding weather has started an early "crop scare" on winter wheat.

Rain has been scarce since mid-summer, and an exceedingly hot September came along and evaporated what little moisture there was; in some localities, wheat was planted in the dust ("dusted in" the farmers say), and in other places planting was postponed for better germination weather.

Retail Sales Pick Up

The setback to wheat planting was a contributing factor in the poor retail sales showing early this fall, but cooler weather the last few weeks produced a 15% gain over last year and hurry-up calls to wholesalers here and in Denver.

In the next few months, livestock marketings will be the principal source of farm income, but diversified manufacturing, based on orders on hand, is apt to continue at high levels into December. Steel producers for instance, have all the business they can handle; indeed, Colorado Fuel & Iron production has been held back, waiting for coke ovens to heat up. The government's need for bins to store loan corn has created unexpected employment in steel-fabricating mills.

Mining activity in Wyoming and Colorado continues to expand. There are numerous new diggings and molybdenum producers, anticipating increased war demands, have pushed up operations from a 40-hour to 48-hour week and raised pay.

The Regional Outlook surveys each week three of the twelve business areas of the country.



Two shop mechanics and an electrician have their food-stamp applications o.k.'d at the Chamber of Commerce office in Shawnee, Okla., as the Federal Surplus Commodities Corp. experiments with expanding the food-stamp plan to include low-income, non-relief families.

Non-Reliefers Cool to Stamp Plan

First offering to low-income families of FSCC's stamps, good for free foods on surplus list, finds only 400 takers in Shawnee, Okla.

THIS WEEK, in Shawnee, Okla., the Federal Surplus Commodities Corp. inaugurated the biggest experiment it has tried in the six-months operation of its orange-and-blue stamp plan. It permitted privately-employed low-income families—those making \$19.50 a week or less—to participate in the plan by buying orange stamps, good for the purchase of any food product, and receiving free half as many blue stamps, good for the purchase of designated surplus foods. Heretofore, only reliefers in the eight localities where the plan has been put into effect (BW—Oct 14 '39, p. 30) have been allowed to participate.

Doesn't Dishearten FSCC

The result was not particularly encouraging, for by Monday, Oct. 23, when the expanded plan went into effect, only 400 non-relief families had applied for participation, in contrast to the 3,200 reliefers throughout the whole of Pottawatomie County who were already using the stamps.

However, local FSCC administrators were not discouraged by this; they have had too much experience with experiments, not only with launching the stamp plan idea in other communities but with several novel variations of it in Shawnee. That's the only place in the country where the plan embraces the whole county, and it's the only one in which blue stamps are given away to reliefers who get only scanty benefits without any requirement that they buy the orange stamps. As a matter of fact,

only about 20% of reliefers in the county are compelled to buy orange stamps.

In view of the intensive publicity campaign, the enrollment in the plan of only 400 non-relief families could hardly be attributed to lack of information. It apparently was due to a general resistance of employed persons to accepting any aid from the government, even though it was not tagged specifically as "relief."

Despite the criticism leveled at the extension of the plan to privately-employed groups by the United States Chamber of Commerce, for the very reason that it would tend to break down this resistance to relief, the Shawnee Chamber of Commerce is not only enthusiastically behind it but is the active

sponsor and has charge of accepting applications.

The low-income families are divided into two groups. Those making \$14.42 to \$19.50 a week are required to buy orange stamps at the rate of \$1.50 per week per person; those making under \$14.42 may buy from \$1 to \$1.50 worth. The sale of stamps to the non-relief families is being handled entirely by two Shawnee banks, at their own expense, to help local business. They buy the stamp books from the local FSCC office and sell them to certified low-income families. After the stamps are sold, the operation is conducted just as it has been for the reliefers since August.

The non-relief application forms are distributed through employers, and information centers have been established in five schools. Employers must certify the income report of their employees and agree not to raise or lower their pay on account of the stamp plan. Since the income limits apply to the total income received by all members of the family, the applicant must list all salaries, bank accounts, stocks and bonds, real estate, pensions, annuities, benefits, cash gifts and any miscellaneous income from home work, roomers and boarders, or other sources. Those with their own business must submit a profit and loss statement. To allow for fluctuations in weekly income, applicants state what they received in the last month and the total for the last three months.

Adding a Few Thousand Dollars

There is virtually no opposition to either the relief or non-relief parts of the food-stamp plan in Pottawatomie County. In September, the first full month of operation, \$19,862 worth of blue stamps was "spent" by 2,877 relief families in the local grocery stores on surplus commodities. October distribution of blue stamps increased to \$22,708 for the relief groups only. The 400 non-relief families already signed up will add about \$3,500 to \$4,000 a month.

Participation of those relief families receiving only blue stamps, without hav-



For four days every month this portable stamp office makes the rounds of the towns in Pottawatomie County to sell food-stamps.



Mrs. Pat Terry for "Tide"
Wesley A. Sturges drops a bombshell on the liquor industry—in the form of a new code of practices.

ing to buy orange stamps, was about 93% in September and more than 95% in October. In the groups which buy orange stamps in order to get free blue stamps participation increased from 29% in September to 34% in October. The relief clients like the stamp plan better than the old distribution of surplus commodities by the state welfare board because they can buy a greater variety of foods. The current list of surplus commodities to be purchased with blue stamps includes: butter, pork lard, corn meal, shell eggs, dried prunes, raisins, fresh pears, fresh apples, onions, dry beans, wheat and whole wheat flour, snap beans.

Equivalent to New Payroll

Because the Pottawatomie County experiment is the only one which includes an entire county, it involves a unique stamp distribution system. A mobile stamp unit is set up in a truck and makes the rounds of every town in the county on a four-day schedule each month, to sell the books of combined orange and blue stamps. Additional books can be bought in Shawnee during the month (up to the limit of \$6 of orange stamps per person per month, which would carry \$3 worth of free blue stamps). The books of blue stamps only, distributed on the basis of \$2 per month per person, to the lower relief brackets, are all mailed out once a month.

The 226 grocers of the county, all of whom are accepting the stamps, have formed a committee to cooperate in the plan by informing its members of rules and detecting violations. The fluctuation of food prices on both surplus and regular items apparently was no greater than that caused by the war in all sections. The consensus of Shawnee businessmen is that the food stamp plan has helped every line of business; that its effect has been the same as a new \$25,000-per-month payroll in the county.

Ironclad Control for Industry

Sturges plan of self-regulation for liquor is seen as carrying trade association's police power to new limits. Jars distillers, interests lawyers.

DURING THE SUMMER of 1938 the Distilled Spirits Institute threatened to fall all to pieces. Lacking an executive director following the death of W. Forbes Morgan in 1937, the organization stood badly in need of a head man with a strong hand and a clean heart. Wesley A. Sturges was picked for the job. Dr. Sturges was a Yale law professor, a political liberal, a director of the American Arbitration Association, the son of a parson. Dr. Sturges' salary to start was \$30,000 a year plus income from continued lectures at Yale.

For a time the liquor companies supporting the institute were happy with the quiet and steady development of their Connecticut liberal. Some weeks ago they suffered a terrific jolt. They suddenly discovered that Dr. Sturges was inflamed with a missionary zeal to rid the liquor industry of its sins through the agency of a code of practices having all the stern finality of Mosaic commandments.

Lawyers Scrutinize Proposal

If this document withstands the scrutiny of federal anti-trust attorneys and the frictions of actual practice it might revolutionize trade association technique. Dr. Sturges' control plan is now being studied by company attorneys who are highly agitated over its implications. They realize that Dr. Sturges ought to know his law and that he has been intimately associated with two former Yale law professors who might ultimately have to pass on his proposal. One of them is Thurman Arnold, head of federal anti-trust activities, the other William O. Douglas, of the U.S. Supreme Court. The documents were mailed to institute members under severe commands for secrecy and they have since been handled with fitting delicacy.

The Sturges proposals go far beyond anything attempted (BW—July 15, 39, p. 22) in his Ohio Plan (which seeks to end rebates and other abuses in the 17 monopoly states) or in his Connecticut Plan (by which citizens' committees aid the institute to cancel licenses of law-breakers in private-license states). These experiments rely largely on moral force and cooperation. The new Sturges plan would provide a self-regulatory system for the industry, with teeth razor-sharp and inches long.

It is understood that the plan would depend on contracts not only between the liquor company members and the

institute but also between the companies and Dr. Sturges, himself, personally. This contract is said to provide that executives of the liquor companies must resign their jobs in case it is proved that they have allowed their concerns to break the rules.

Held to Normal Requirements

Some other reported features of the plan are:

(1) Salesmen for liquor companies would be prohibited from selling a customer more than his "normal requirements."

(2) Companies would be required to discontinue most of their present public relations and political activities.

(3) Advertising and trade aids would be strictly controlled.

(4) Companies would be prohibited from spending any money for entertaining buyers and from other hidden forms of commercial bribery.

(5) Company officials and employees would be required to report any infraction of the regulations by their competitors.

(6) Institute "inspectors" would track down infractions.

(7) Rows within the industry would have to be settled by boards of arbitration.

It is evident that Dr. Sturges has been moved in his proposed new plan by a sincere determination to cure abuses that threaten the future of the liquor industry. He has packed into it all that he has learned about policing a bloodily competitive industry and has drawn on a profound knowledge of law in framing it. He is said to be confident that the proposal will stand up in the courts. Whether he has given anti-trust or Federal Trade Commission officials a chance at the document is not known.

Quake at Plan's Rigor

Sales departments of liquor companies pale and tremble at mention of the Sturges plan. They claim that it would outlaw their most effective business getters. And they ask, "How are you going to determine a dealer's normal requirements? Suppose you are supplying a wholesaler who acquires a new customer and that the new customer's orders run the jobber's sales far ahead of his previous year; would you be allowed to sell that wholesaler enough to meet his increased volume?"

Dr. Sturges believes that such objec-

tions can
up and d
trine to
members.
attitude
dustry
Schenley
to be m
suggest
absolut
and loca
trouble
rules wi
tions by

Some o

Dr. St
It is sa
sign as
turn dow
distillers
plication
complete
ney, the
chairman
is also
Sturges.
consiste
against
ship and
petrel of
ing is no
withdrew
(BW—
argumen



Now
dent
N. Y.
groun
ment
and la
ations

tions can be overcome. He is traveling up and down the land preaching his doctrine to institute members and non-members. A good deal depends on the attitude taken by the big four of the industry (National Distillers, Seagrams, Schenley, Hiram Walker). There is said to be much concern over adding this suggested complete control under an absolute czar to the many federal, state and local regulatory agencies. Another trouble would be clashes of the Sturges rules with constantly changing regulations by official bodies.

Some of Smaller Distillers for It

Dr. Sturges has taken a strong stand. It is said that he has threatened to resign as the institute head if members turn down his plan. Some of the smaller distillers are enthusiastic converts. Application of such rules would help them compete with the giants. Mr. Gene Tunney, the old fisticuffs tycoon who is chairman of the American Distilling Co., is also understood to be backing Dr. Sturges. The attitude of Mr. Tunney is consistent with his constant lambastings against the abuses in liquor salesmanship and it clinches his title as stormy petrel of the industry. American Distilling is not a member of the institute. It withdrew from the organization last year (BW—Aug 13 '38, p8). There is still an argument about unpaid dues.

N. Y. Fair Studies Its Mistakes

New staff looks to 1940 as first season ends, convinced that show can be made a financial success. Amusement area remains a problem.

DURING THE BUILDING of the New York World's Fair it was waggishly referred to as "the fair to end fairs." With the closing for the season of this and San Francisco's Golden Gate International Exposition (BW—Oct 14 '39, p26) folks are wondering if the wise crack wasn't pretty sound prophecy. These two great shows came at the end of a long succession of fairs. Difficulties they encountered carry a suggestion that the public may be suffering from exposition indigestion and warn other cities that they had better make sure before investing millions in similar spectacles.

The New York fair closes with its executives busily engaged in preparations for opening next year. Visitors forgot their throbbing feet to proclaim it the greatest show ever. With this assurance, a completely reorganized staff feels that it can correct first year mistakes and make the second year a financial as well as a dramatic success.

New York's tasks will be simplified if the San Francisco exposition decides against reopening. On Oct. 20 management of the West Coast fair filed proceedings under the federal emergency bankruptcy laws asking court aid for "an orderly and equitable liquidation" of its affairs. Meanwhile 1940 Exposition, Inc., pushed its campaign for \$1,600,000 to finance a possible reopening of the Golden Gate show.

New York's fair played to over 25,000,000 paying customers. (On a shorter first year, Chicago's Century of Progress had 22,320,000 paid admissions.) Thus attendance at New York was about 42% of the estimated 60,000,000 visitors set by adding machine addicts as a reasonable expectation.

How Much Money Came In?

It is too early to determine how much money was actually brought into the metropolitan district. Spendings hoped for on the 60,000,000 basis were \$1,000,000,000 (BW—Apr 29 '39, p17). If the 42% that did attend spent 42% of the expected total, the amount left behind by visitors was \$420,000,000. This figure probably is too high because the out-of-town attendance was far below estimates. The fair's construction cost was \$156,000,000. Of this total, \$27,000,000 represents debentures sold to local business interests. The holders are busily studying the recent financial statement issued by Harvey Dow Gibson, chairman of the World's Fair and president of the Manufacturers Trust Co. They are hoping that the second year will duplicate the performance in Chicago and pay them off completely.

Mr. Gibson's report shows that the outstanding debentures have been cut to \$23,982,808. Holders of these have been paid \$1,608,114 in interest, squarely on the dates due. They have agreed to forego any further retirement of principal during this fair season to permit payment of a balance of \$500,000 due contractors. The fair has paid off its bank loans, which at one time amounted to \$4,250,000. It is expected that payment of current bills will leave \$500,000 cash in the till. Advance rentals from 1940 exhibitors are expected to provide the \$3,300,000 needed to "winterize" the fair.

When attendance indicated that income expectancy had been set far too high, Mr. Gibson took over the executive management of the fair and moved his office out to the grounds. Axe in hand



Wide World

Now that Harvey D. Gibson, president of Manufacturers Trust Co., N. Y., has moved his office to the fair grounds to take over active management of the New York World's Fair and lay plans for next season's operations, Grover Whelan, erstwhile

head man at the fair, is combing the capitals of Europe to sign up foreign nations for the fair in 1940. Though they don't predict the effect of the war on the fair's second year, officials are confident enough nations will be in to make a good showing.

he went after operating extravagances. The result is evident in a reduction of daily running expenses from \$60,050 to \$41,000.

While Mr. Gibson has assumed complete control of the fair, Grover Whalen will "continue as president of the exposition in 1940." Mr. Whalen did a four-man job in building the fair and his showmanship contributed greatly to its popularity. But his régime was criticized for regal ideas in staffing and spending while the captious charged that Mr. Whalen's bubbling personality put him too much to the front in events publicizing his show.

Trying to Get More Nations

Mr. Whalen is in Europe seeking foreign participation in the fair for 1940. The management declines to make any forecasts on this subject. It is "hoped" that most of the outstanding foreign pavilions will remain next year. Meantime special effort is being exerted to sign up additional nations. There are deals in progress aimed at swaps whereby one country would come into another's building or take it over completely. It is reported that the Polish and Czech exhibits will remain open through private contributions from their nationals.

Before the 1940 season opens there will be plenty of time to reflect on 1939 mistakes. Special efforts will be made to correct the poor showing of the amusement area. Nick Schenck, Billy Rose and other headlines in show business are being consulted.

One trouble with the midway has been the superior quality of the commercial exhibits. The fan dancers, the freaks and the rides must find some way to lure crowds away from the wonders of industry, commerce and science. The 1940 season should be a natural for the big companies. They will get an extra year out of exhibits built with one year in mind; it has the welcome feel of an extra dividend. While practice has made remarkable showmen out of the big commercial exhibitors, they also are thinking that maybe there ought to be a long rest between this and the next world's fair.

That Price Question

It is hoped that the hotels will be able to hold down their 1940 rates and to convince the country of their reasonableness. Admission probably will be held to 50¢. Unquestionably the widespread reports of high prices made Mid-Western prospects stay away in droves. Acts and not publicity handouts will be needed to convince distant citizens that the New York slickers aren't after the gold in their teeth. High prices in 1940 will be invitations to further attacks by rival cities. During the past summer a Chicago newspaper carried this head over a story:

**WORLD'S FAIR DINNER COSTS \$11;
RACKETS BLAMED.**

War Spurs Private Bond Sales

Industrial issues are taken up by insurance companies after SEC 20-day quarantine proves stumbling block to public offerings in unsettled times.

INDUSTRY IS BOUND to need money when business is expanding rapidly, and the matter of raising such funds becomes complicated when there happens to be a major war going on. Nevertheless, a dozen companies are known to have sold bonds worth more than \$175,000,000 since the war broke out, and there probably have been other issues which have not yet been announced.

In raising this \$175,000,000 in these times, borrowers have fallen back on a financing arrangement which has assumed great prominence in the last four years. This is the private sale of bond issues to the larger life insurance companies. More than \$700,000,000 was raised that way last year and upwards of \$500,000,000 so far this year. Latest and largest instance was the announcement of a \$75,000,000 private placement for the New York Telephone Co.

Private placement is a highly controversial method of financing. The borrower whose bond issues are taken in their entirety by a group of insurance companies doesn't have to go to the expense of registering them with the Securities and Exchange Commission. Obviously, the investment bankers lose profitable business. Small insurance companies are denied an opportunity of buying some of the choicest investments.

How 'Phone Bonds Were Placed

But, after the war started, the arguments pro and con became pretty academic. Investment bankers couldn't underwrite new issues because they just didn't know when they would be able to sell them and at what price. The New York Telephone bonds provide a typical example.

For some time prior to the outbreak of war, this issue had been "in the works" at Morgan Stanley & Co., underwriting offshoot of the House of Morgan. It would have, in normal course, been offered publicly by a large investment banking group in order to raise funds to meet a Nov. 1 maturity of similar size. In fact, the plan had been to register the bonds just before the end of September. Under that plan, the bonds would have spent the requisite 20 days in SEC quarantine and would have been ready for public offering during the third week in October.

That 20-day waiting period which the law requires was the stumbling block. In times like these, underwriters can't tell what they'll be able to do two days

in advance, much less 20. So, when the telephone company officials came to Morgan Stanley and said that nine insurance companies would take 3½% bonds at 99½, the bankers agreed it seemed the best thing to do.

At the time this decision was reached, the telephone company's 3½% bonds (a lower coupon rate than the new issue and a comparable maturity) were selling a shade above par. They since have sold above 107. Clearly, the bankers could have done much better for the company had all concerned been able to read the future. But they couldn't, and they did what seemed to be dictated in unsettled times.

Meanwhile, banking and industry continue to wonder how best to plan for meeting new capital needs. Two months ago, with stocks booming, it looked like common stocks—or convertible debentures and convertible preferred stocks—could be marketed advantageously. In fact, a very few such issues have found their way onto the market.

Excess Reserves Way Up

But the rise in stocks lost most of its steam. Simultaneously, the market for high-grade bonds snapped back substantially. Banks' idle funds, represented by excess reserves, soared to all-time record levels. Insurance companies, long unable to get the volume of investments needed, are estimated by some to have as much as three-quarters of a billion dollars they want to put out at interest.

Owing to this unfilled demand on the part of banks and insurance companies, the underwriting houses feel that an excellent new issue market would be justified now. They feel, however, that it will be slow in developing due to the 20-day SEC quarantine requirement.

This 20-day waiting period has not been overly restrictive in the years from 1933 until the middle of this year. During most of that time bond prices went up and up. Underwriting contracts have been made, and more often than not, borrowers have received better prices for the issues at the end of the quarantine than were contemplated when the deals were closed. But now, with markets topsy turvy, the waiting period imposes a definite handicap. That's why the bond houses have hoped for some relaxation of the law and why they are disappointed to hear from the SEC that no recommendation to Congress for an amendment to the law is imminent.

Wings over INTERNATIONALS!



Traffic Cops of the Air: At major terminals, planes landing, planes leaving, planes in the air or on the ground are all subject to the expert supervision of a central Traffic Control. Give credit to these men, to pilots and engineers, to mechanics and maintenance men . . . and to the world-famous International Trucks which contribute to the split-second efficiency of modern airways.

A dozen years ago you had to have feathers to *travel* by air. You could fly, perhaps, as the aviation pioneers did, but when you traveled, it was on the ground.

Today, 18 major air lines carry 2,000,000 passengers annually, joining 300 cities in a 37,000 mile network.

A fifty-million-dollar business keeps the wings in air . . . but don't overlook the fact that *ground service* is an intricate and vital division of air travel.

International Trucks play an important role in ground service to aviation. Air-conditioner trucks attend the planes. Gasoline trucks fill the large tanks in the wings. Caterers' trucks supply the ships' galleys. And other trim

Internationals stand by with last-minute air mail and express. At leading airports all over the land it is literally "Wings over INTERNATIONALS!"

And International *all-truck* trucks play an equally important part in the transportation needs of all industries.

Owners rely on International performance and economy to cut hauling costs per mile, per ton, per gallon. And they rely on the most complete Company-owned truck service organization to keep Internationals in top form. International sizes, ½-ton to powerful six-wheelers. See them at any International dealer or branch . . . and arrange for a demonstration.



INTERNATIONAL HARVESTER COMPANY

(INCORPORATED)

180 North Michigan Avenue

Chicago, Illinois

INTERNATIONAL TRUCKS

Cotton and Mud Go into Houses

It's all part of government's effort to use native materials in low-cost rural housing. Contracts let for 2,784 homes at average of \$1,474.

THE FARM Security Administration is building low-cost experimental farm homes in an effort to solve the rural housing problem. Native building materials have been used with the idea of evolving the type of house that can be erected most advantageously in each locality. Cotton in Alabama, cedar in the Northwest, adobe in Arizona (with an improvement on the Indian formula) have figured in the experiments.

In all, contracts for the construction of 2,784 specially designed farm homes have been awarded in the past year at an average cost of \$1,474. This figure includes profit for contractors and material suppliers, and prevailing wages for labor.

In the South, 1,645 farm houses of frame construction, without bathrooms, averaged \$1,350, and 800 houses with bathrooms averaged \$1,500. Prefabricated steel houses in the South and northern farm buildings with heating equipment raised the average cost. Fourteen of the steel units were built experimentally in cooperation with the Tennessee Coal, Iron and Railroad Co., to determine how much this type of construction would save in maintenance, at an average cost of \$1,850.

Northern frame construction ran up to a maximum of \$2,635 for a story-and-a-half house, fully plastered, with a central hot air heating plant.

Housing for the South

Most of the houses, however, were built below the Mason and Dixon line, and were five-room, frame structures, similar to those constructed by FSA itself the year before in southeastern Missouri at an average cost of \$1,105. These have a front porch and a screened work porch. Space is allowed for a future bathroom and the house is wired for electricity.

The cheapest house was built on the Flint River Farms project in Georgia for

\$825. It is a three-bedroom dwelling, built of local lumber, with interior partitions trimmed only on one side.

One of the most interesting of the FSA's experiments is a cotton-covered house, which is now getting the final test—that of being lived in. Success of the experiment would mean, of course, a new outlet for the South's surplus cotton. A family has been living in the cotton-covered house for more than a month, and the engineers are awaiting the results.

The Indians of the Southwest used chopped straw as a binder in making adobe, but the government is using an asphalt emulsion instead. Experimenters believe that the adobe idea can be extended to states farther east.

Homes Built in Labor Camps

Outstanding among the results of this year's program are 559 modern homes, including bathrooms, averaging \$1,459 in cost, which have been built in FSA's migratory labor camps in California, Texas, Florida, and the Northwest. Most of these are individual houses with two bedrooms, combination dining and living room, kitchen and bath, with an outside terrace. Costs ranged from \$1,190 to \$2,263. Forty multi-family apartments, including 240 units were built for an average cost of \$1,160 per unit; minimum \$1,455, maximum \$1,774.

The pictures on the opposite page give a good idea of the scope of the FSA program. Particular details of construction, as it has been affected by the government efforts to adapt local materials to the problem, may be summarized as follows:

Cotton Covered House—Cotton duck, long used by the navy on decking, has been experimentally applied to the roof and exterior walls of a house in Coffee County, Ala. Treated to make it fire-resistant, the duck is airtight, water-

tight and forms excellent insulation, making the house cooler in summer and warmer in winter. The duck is stretched over a backing of plywood, plaster, or composition board, which has been primed by a coat of lead or linseed oil, using a casein adhesive and copper or galvanized nails. A tendency to blister may be overcome by stretching the duck on panels for later assembly instead of applying it to the whole exterior wall. Cost of the experimental five-room house was \$1,350, including modern plumbing and wiring. It is estimated that this could be cut 20% by mass production.

Steel Houses—Fourteen steel units have been built on FSA farm projects in Alabama, Georgia, South Carolina and Florida, using the Tennessee Coal, Iron and Railroad Co.'s "Panelbilt" system of prefabricated construction. Engineers believe the galvanized sheet walls will keep the houses cooler than wood. A "V" trough in each sheet prevents the steel from buckling when weather changes. The cost per house ranged from \$1,695 to \$2,284.

Rammed Earth Houses—Seven rammed earth houses have been built by FSA at its Gardendale homesteads project in Alabama. No cost data are available as they were built as part of the project as a whole but this type of construction is not particularly cheap and FSA is not pushing it because two years of living experience has demonstrated that it may not stand up in a windy, rainy climate.

Adobe, Adapted and Improved

Adobe Houses—On the Chandler part-time farm project in the Salt River Valley of Arizona, FSA has built four eight-family row houses of adobe for workers employed on nearby ranches and on the co-op farm. The cost was \$2,200 per family unit, exclusive of administrative overhead. Adjacent to migratory labor camps at Arvin, Baxter-Glendale, and Casa Grande, FSA has built 135 single adobe houses at a cost of from \$1,000 to \$1,500 each.

Frame Houses—The type of dwelling most extensively constructed by FSA uses standard cuts of lumber. Prefabrication methods employed by private contractors have been partially adapted to the FSA jobs in the last year. Such a house is being built on the farms of southeastern Missouri for \$1,100.



There's little waste motion in the construction of one of the FSA's prefabricated frame houses.



Newest FSA experiment is a house covered with cotton duck

In its attempt to develop livable low-cost homes, the Farm Security Administration has experimented with local building materials ranging from wood to steel (Tenn.), cotton (Ala.), adobe (N. M.), and rammed earth (Ala.). Typical examples of each of the houses are pictured here. Detailed descriptions are on page 20.

Though the FSA can build a frame house for \$1,100, it continues to experiment with steel houses, which it has built for \$1,695, cotton—for \$1,350, and adobe—for \$1,000. The cotton house, just built, will be tested for "living experience," as steel houses in four Southern states have been since last March.



FSA's steel houses, built in cooperation with Tennessee Coal, Iron and Railroad Co., are made by the Tennessee's "Panelbilt" system of pre-fabrication, put together with bolts.

Built with a wooden frame, FSA multiple-dwelling adobe houses shelter eight families.



LIME

for the Chemist and Builder

● Bountiful raw materials for the lime processor and cement maker, the chemist, chemurgist and builder, are at hand in the Gulf South: clays, limestone, shales and chalk. On the Gulf Coast are vast deposits of oyster shells, easy to obtain and economical to process.

^ This developing country is rich in raw materials . . . networked with highways, waterways, railways, airways to home and international markets . . . equipped with good schools, and intelligent, reliable white labor . . . blessed with low taxes (ten years' remission in certain areas) . . . ready with buying power . . . fueled with abundant dependable Natural Gas.

Industry is decentralizing southward to a friendlier atmosphere. Move to the Gulf South, where you are wanted and appreciated by your neighbors! Without obligation, let us make a confidential survey for you to meet the requirements of your industry.

★
The
Gulf South
★



Invites
Industry
★

For information on GULF SOUTH opportunities write to
DIRECTOR OF INDUSTRIAL DEVELOPMENT

**UNITED GAS
PIPE LINE COMPANY**

FOR TEXAS, Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. FOR LOUISIANA, Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. FOR MISSISSIPPI, FLORIDA and ALABAMA, Mail received at: Jackson, Mississippi.

ALL INQUIRIES CONSIDERED CONFIDENTIAL

COPR., 1939, UNITED GAS PIPE LINE CO.

For Rebuilding Cities

Realtors pin future hopes on revamping them; optimistic about low-cost housing activity.

BY THE END OF 1939, about 300,000 family units, representing around \$1,000,000,000 of new construction, will have been built.

For realtors, gathered last week in Los Angeles for the annual meeting of the National Association of Real Estate Boards, there could be no more valid cause for optimism, for new dwellings mean increased real estate activity and improved earnings, and there hasn't been such a volume of new construction since 1927. At that time, the real estate market skidded into the depression, two years ahead of general business, and not until 1934 was the downward trend reversed.

For a detailed picture of real estate prospects, realtors turn to the statistical bible of their industry—the report of the semi-annual survey conducted by the national association through member boards in 250 cities. This summer's survey showed a modest shortage in single-family dwellings, although old dwellings of this type are saleable only at heavy markdowns from original cost. Rentals for one-family houses were steady, but for two-family houses and heated apartments they were down slightly. The apartment supply is considered normal, although rents are too low to justify new construction; however, a few cheery souls feel that rentals are firming up sufficiently to promise some new multiple-family construction next year.

How Business Property Is Faring

The report indicates that rentals for business property were reasonably steady despite an acknowledged oversupply. Office space shows up best in this category with a vacancy average of approximately 20%. A slight pickup in industrial property, especially small factory space, has been observed. This is particularly true in the East where the rental charts are following the war pattern of 25 years ago. Brokers report a demand for loft space and vacant factories, partly to warehouse inventories accumulated since Sept. 1 and partly to permit expanded manufacturing operations.

Real estate men are resigned, if not reconciled, to the belief that the days of a steady increment in land values have departed, never to return. As they see it, the monopoly value of a building site has evaporated with the general use of automobiles.

Major consequence, aside from a shrinkage in number of people engaged in real estate as an occupation, is the industry's shift of emphasis from promotion to conservation. Across the nation, half of the total income of real estate

firms only
only h
sions a
revenu

Profe
realtors
derived
which
this ye
as cost
up the
dustry
vention
commis
sale e
stoppe
their e
neighb

Looking

The
ernmen
But the
not eve
the U.
until so
with pr
of Phila
ceived
his wor
working
neighb

The
evidenc
cities. A
times t
ropean
area in
idle. Th
pointed
deterior
serious
tion mo

Truc

tising
suppor

BIGGEST
road ha
think of
not as
they hav
week, at
the Ame
big truc
decided
they pla
lars nex
paign to
elect lav

Bogey
roads,"
all their
damning
clude tra
tional fo
lems, th
Most of
keep hik

firms comes from management fees and only half from sales and rental commissions and similar traditional sources of revenue.

Professional lookers-ahead among the realtors don't discount the benefits to be derived from the low-cost housing boom, which seems at last to have caught hold this year and promises to develop further as costs are cut, but they are now talking up the rebuilding of the cities as the industry's sole big opportunity. At the convention, they urged that city planning commissions be given teeth, that wholesale exceptions to zoning codes be stopped and that city planners shift their emphasis from traffic control to neighborhood development.

Looking to Private Capital

They distinctly do not relish the government's activity in low-cost housing. But the moderates recognize they cannot even hope for as much as restricting the U. S. Housing Authority's program until someone shows how to do the job with private capital. Arthur W. Binns, of Philadelphia, was accordingly well received when he told the convention of his work in rehabilitating slums by reworking sound old houses in rundown neighborhoods—at a profit.

The realtors bristled with statistical evidence of the need for rebuilding the cities. America's cities sprawl across six times the area of equally populous European cities; 30% of the privately-owned area inside city limits lies vacant and idle. Their talk and their statistics merely pointed up what everyone knows: The deterioration of neighborhoods brings serious economic loss following population moves to the suburbs.

Truckers Want Votes

Put up \$500,000 for advertising campaign to woo public support at the polls.

BIGGEST PROBLEM facing the over-the-road haulers is how to make the public think of them as pals and public servants, not as the road hogs and tax dodgers they have been painted. In Chicago last week, at the sixth annual convention of the American Trucking Associations, the big truck-and-trailer men of the nation decided the problem was so tough that they planned to spend half a million dollars next year on an advertising campaign to win favor with the people who elect lawmakers.

Bogeyman of the truckers is "the railroads," which they hold responsible for all their troubles. Between sessions of damning the rails and laying plans to elude traps laid for them by these traditional foes, they talked over their problems, their progress, and their profits. Most of them who know their business keep hiking their profits, as they have



Peace of Mind

It's a pleasure to take the wheel of a 1940 car — particularly if you enjoy the *peace of mind* that comes from adequate automobile insurance.

Your local Standard agent can provide proper automobile coverage quickly and efficiently. Standard's broad protection, selective ratings, and Safe Driver Reward mean *greater security at lower cost*. When accidents occur, company representatives throughout North America stand ready to help you out of trouble.

Standard of Detroit, a sound, progressive, capital stock Company with 55 years of experience, also protects against financial loss consequent on robbery; embezzlement; injury to self, employees, or the public; and similar hazards.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

Is YOUR Product One of These?

Butter
Bacon
Cake Decorations
Candy
Canned Meats
Cheese
Coffee
Crabmeat

Ducks
Fish Fillets
Ham
Ice Cream
Lobster (canned)
Meat
Pork Loins
Sausage

Shad Roe

Or These?

Asparagus
Apples (frozen)
Artichokes
Broccoli
Celery
Flowers

Frozen Foods
Herring
Milk
Bag Liners
Oysters
Roses

Or These?

Automobile Parts
Bologna
Cubed Steaks
Lard
Oleomargarine
Poultry

Shortening
Shrimp
Soap
Spark Plugs
Squabs
Tamales

Turkeys

Patapar serves all these...and hundreds of other types of products!

Patapar Vegetable Parchment

**Strong when wet—
grease-proof, too**

Patapar is unique. Unlike ordinary papers it can be soaked without losing its strength. Also, it resists penetration of grease. That double feature brings Patapar into use for hundreds of jobs where no ordinary paper will do.

Maybe your product needs Patapar. Let's find out. Tell us what it is, how you might use Patapar, and we will send samples and full information.

*Reg. U.S. Pat. Off. & Foreign Countries

Patapar is sold in sheets and rolls; in many sizes, weights, and finishes. Printing in one or more colors, with approved inks, is part of a complete service available in our modern plants.



Paterson Parchment Paper Company
Bristol, Pennsylvania
West Coast Plant: 340 Bryant St., San Francisco
Branch Offices: New York, Chicago
Headquarters for Vegetable Parchment since 1885

been doing since they got their big opportunity when the railroads curtailed service in the early 1939's.

Typical start in the trucking business for most of the big shots who wandered through the Stevens' halls last week was a time-payment truck that the owner drove in search of freight on as whimsical a voyage as that of an ocean tramp. Pride of the industry is that nobody ever made good in it by coming in from the outside as a white-collar manager. No matter how he entered the industry, the operator now finds himself for the fourth year under Interstate Commerce Commission regulation that no longer lets him set his prices as he chooses. Instead of buying traffic by undercutting rates, he has to earn it by putting out a grade of service that can lick the other fellow's.

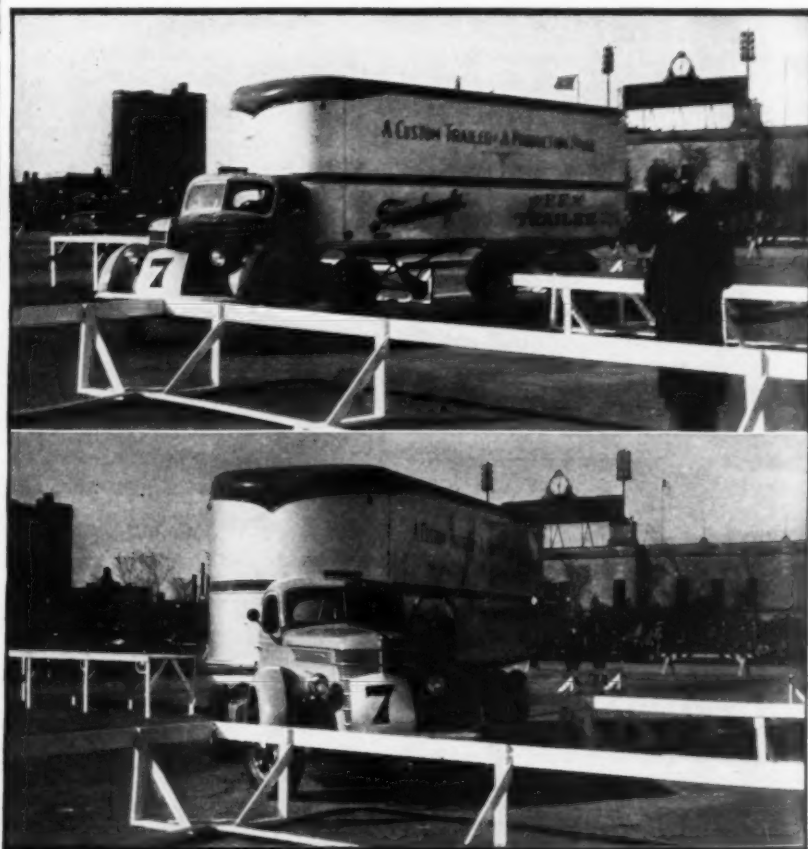
Successful operators have now learned how to make money under federal control. For one thing, they are putting together line-haul operations into long distance systems. Outstanding recent instance of pooling services is last week's formation of Freightways, consisting of six companies in the western half of the country. Freightways is based primarily on the operations of Consolidated Freightways of Portland, Ore., which last year did a \$3,000,000 business in eight states between California and Minnesota. Freightways will have western terminals along the Pacific Coast, eastern terminals at Denver

and Minneapolis. The companies in it will interchange freight and equipment so that the shipper will have only one unit to deal with and will get his freight through faster.

Time was when 150 miles was considered about the economic limit of highway hauling. Freightways, with a maximum haul between Southern California and the Twin Cities, has no misgivings about the length of its drag—which gives an index of the extent to which highway hauling has progressed. It can point to a number of long-haul lines that are doing very nicely indeed, against tougher competition than that west of the Mississippi.

Tires to Trucking

What makes a long-haul operation economically possible is a volume of two-way freight that the trucker can service to better advantage, apparently, than anybody else. Prize example of the industry is Horton Motor Lines, Inc., of Charlotte, N. C., which is doing 70% more business in 1939 than in 1938, with total revenue around \$4,500,000. Horton's tractor-trailer units of shiny stainless steel roll on a precisely maintained mainline schedule between Atlanta and New York, with other terminals as far west as Pittsburgh. Tire Dealer H. D. Horton got into trucking when a trucker owed him for so many tires that a transfer of title was the only



Chicago's Truck Rodeo—P. S. He made it.

way out. H
ingenuity in
traffic his v
Tallest p
His extra-fa
New York
ers' high-pri
by next noc
tile-mill c
his second-
Pennsylvan
ettes—which
the maker's
as fast as l

Stunts by

A lot of
gone into t
vince the g
istics pro
trucks are
ously drive
the series o
roades" cli
tional char
front. Here

1929

transiti the 192

ON THURSDAY
an era came
was Oct. 2
came tum
heads. Imm
a buying p
market val
sought the
depression

And now
again foot
chants are
a Merry C
but this tir
the market
of transiti
of from up
Whereas 1
industrial
gestions th
siege, is p
gram of e
trial produ
under 1929
already pa
14'39.p13)
any of its
non-durabl
into new
cotton tex
turing, oil
tries appro
vious high
arise: Ha
industrial s

way out. His special claim to fame is his ingenuity in devising services that swing traffic his way.

Tallest plumes on the Horton hat: His extra-fare, extra-fast run that leaves New York every noon, lays manufacturers' high-priced dyes in Carolina branches by next noon in time to ship out to textile-mill customers that same day; and, his second-morning delivery in Central Pennsylvania of Piedmont region cigarettes—which in its first year increased the maker's sales in the territory $3\frac{1}{2}$ times as fast as his national rate of increase.

Stunts by the Champions

A lot of ingenious press-agentry has gone into the industry's efforts to convince the general public of what the statistics prove, that the over-the-road trucks are the safest and most courteously driven class of motor vehicles on the highways. High point was reached in the series of state and regional "truck rodeos" climaxed last week in the national championship on Chicago's lake front. Here the local champions, under

the eyes of judges, put their big semi-trailer outfits through manipulations that would have been too tough for the average owner of a 104-inch wheelbase passenger car. The driver who best managed such stunts as backing his 28-foot trailer into a 30-foot parking space between two parked cars, and backing its 8-foot width unscathed into a 10-foot alley, won the right to pass into the next round. Meanwhile local radio stations and newspapers plugged for the general public to come to the free show.

The truckers' most effective argument, aside from the tremendous volume of employment that they claim—with consequent tremendous number of pro-truck votes—is that they handle only 5% to 6% of all intercity freight, and that a substantial share of this would not be moving at all if the trucks were not there to haul it. They assert with a good deal of asperity that when the railroads complain about the 50% of all automobile deliveries moved by highway, they are trying to get something that never was on the rails.

index again is within striking distance of the all-time high of 135.3. Several individual series, however, have not even approached the 1929 levels—for instance: construction, automobile production, department store sales, and commodity and stock prices.

Durable Consumer Goods Lag

Although there has been a consistent increase in purchases of shoes, shirts, dresses, and non-durable consumer goods generally, durable consumer goods purchases have fallen far behind the 1929 levels. Automobile output at 5,000,000 cars in 1937 was 11% under the 1929 high, and current hopes are not on a 5,000,500-car-year level. New residential construction has never attained the highs of the middle '20s, partly because (1) consumers spent money for automobiles that would have gone for housing; (2) it has been cheaper to pay rent than interest, and (3) the splurge of the '20s resulted in excess housing capacity.

Not all durable consumers' goods, however, are under 1929. That's one explanation of why steel production has exceeded its '29 top. In the last ten years, there has been a tremendous increase in the consumption of steel in miscellaneous consumer goods products. For instance, sale of 1,285,216 vacuum cleaners in 1937 exceeded 1929 by 40,000 units; and household electric refrigerator volume expanded steadily all during the big depression from 778,000 units in 1929 to 2,310,000 in 1937. This year's sales are estimated around 2,000,000.

A Long Way to Go

One psychological trait characterizes both producers and consumers. They both get optimistic at the same time—when business is improving. Figures just released by the Federal Reserve show that producers' plant and equipment expenditures advanced from \$5,783,000,000 in 1936 (a good year) to \$7,570,000,000 in 1937 (a better year), while consumers' plant and equipment rose from \$8,587,000,000 to \$9,634,000,000. Both, however, were (and are) well below 1929 expenditures of \$10,157,000,000 on producers' plant and equipment and \$12,964,000,000 on consumers'. And even allowing for the decline in the price level since 1929, this suggests that American producers and consumers have a long way to go in replacing present facilities before business attains the level of 10 years ago—when the market crashed.

But there are essential differences between now and then. For one thing, the population at 130,000,000 is 9,000,000 greater. Again, in 1929, industry was completing a period of extensive reconstruction to enlarge productive capacity. Now industry has completed 10 years during which plant was neglected. What's more, war has produced a sudden strain on present capacity, and the industrial trend is up instead of down.

1929—Down: 1939—Up

Ten years after the crash, business is again in transition, but this time it's on the rise, reaching for the 1929 highs.

ON THURSDAY, ten years ago this week, an era came to an end—the New Era. It was Oct. 24, 1929, and 12,894,650 shares came tumbling down on Wall Street heads. Immediately after, bankers formed a buying pool to shore up falling stock market values and business enterprises sought the industrial storm cellars. The depression was on.

And now, just ten years after, it is again football weather, and again merchants are calculating their prospects for a Merry Christmas at the cash register—but this time more hopefully. And again the markets and business are in a state of transition—but the transition, instead of from up to down is from down to up. Whereas 1929 marked the beginning of industrial deflation, today there are suggestions that American business, after its siege, is prepared to embark on a program of expansion. Though the industrial production level is 10% to 15% under 1929, weekly steel production has already passed its 1929 peak (*BW—Oct 14, 1939, p.13*), electric power is well above any of its previous tops, and numerous non-durable consumer goods are reaching into new high territory—for instance, cotton textiles, shoes, tobacco manufacturing, oil refining. But as other industries approach—not yet surpassing—previous high points, old economic questions arise: Has the United States reached industrial saturation? And did 1929 mark

the end of the era of plant expansion?

The answer seems implicit in a few recent facts: The United States Steel Corp. this week launched a \$10,000,000 rolling mill project at Clairton, Pa.; its West Coast subsidiary, Columbia Steel, is going in for a \$1,000,000 rehabilitation and improvement job; the du Pont company is putting up a cellophane plant at Clinton, Ia.; the Cleveland Electric Illuminating Co. is spending \$6,000,000 on new generating equipment; the railroads, the first of this month, had 23,053 freight cars on order, as compared with 14,704 placed in service during the entire first nine months of the year.

More for Equipment

Those are indications of the industrial expansion under way. Factory building, apparently, is on the rise. But unlike the booming '20s, expenditures on equipment are likely to far outstrip construction—for the reason that there is still a good deal of plant around waiting to be equipped and reconditioned, and it's frequently cheaper to rent and rehabilitate existing plant, than to build anew.

The current business upthrust is the second effort American industry is making to penetrate the 1929 level of activity. In 1937, *BUSINESS WEEK's* index at one time came within 11 points, or 8%, of the 1929 peak, as the chart opposite shows; and right now, around 120, the



● The doors to the huge Central and South American markets have now swung wide open to American business. Millions of dollars in extra orders are pouring in from 120,000,000 eager-to-buy Latin Americans. And strategic location is again working to the advantage of New Jersey industry. New Jersey enjoys 500 miles of deep sea waterfronts . . . regular service to Central and South American ports . . . low-cost inland and waterfront property. New Jersey affords unparalleled advantages in the No. 1 domestic market. No state income tax . . . fair labor . . . an overnight market of 23,000,000 people. Investigate. Write for "New Industrial Digest of New Jersey", Dept. B-1, State House, Trenton, N. J.

NEW JERSEY

A good place to WORK, to live and to Play



Hospital Aid Revised

3-cents-a-day contracts being tightened up, with drastic reduction in maternity benefits.

SUBSCRIBERS to the three-cents-a-day plan for hospital care will sign a revised contract when their present agreements expire, the Associated Hospital Service of New York has announced. Four years' experience revealed that the plan did not allow for proper distribution of risk, and contracts have been tightened up all along the line, with the most marked curtailment in maternity case benefits. However, it is estimated that benefits under the new contract will be sufficient in 95% of the cases affected.

Since enrollment of the first subscribers in May, 1935, the number of individuals covered by the plan has risen to a present high of 1,350,000. The greatest jump in membership was between December, 1937, and December, 1938, when benefits to subscribers were increased from 21 to 30 days of hospital care a year and a greater discount was allowed on care after the 30-day period. Enrollment jumped from 554,145 to 1,080,402.

Discount Clause Modified

The present contract provides for a 33½% discount on any time over the 30-day period of allowed care. The discount has been brought down to 25% on care over the new 21-day period, and is good for only 60 days. Benefits to maternity cases have been drastically reduced and now allow only \$5 a day of hospital care for 10 days annually. Subscribers have been advised, however, that the old contract will apply to cases of pregnancy existing prior to Oct. 15.

So far, the Service reports no drop-off in the number of subscriptions. This may be partly due to the fact that certain clauses, such as those prescribing types of drugs and dressings to be used, have been modified for the greater protection of subscribers.

Largest of the 60-odd approved, non-profit, prepayment hospitalization plans in the United States, the Service showed in its financial statement of last June a surplus to subscribers of \$568,043.04, with a reserve of \$1,089,302 and total admitted assets of \$3,934,428.47. From the beginning of the plan to May 15 of this year, the Service has paid cooperating hospitals approximately \$12,500,000 and the number of subscribers who have used the plan is estimated at 150,000.

Some Deduct from Payrolls

At present 24,518 New York organizations subscribe to the Service. In 12,908 of these, payment is through payroll deduction, making the cost to the individual subscriber slightly less

than in cases where organized groups pay directly to the Service's office.

Three types of membership are possible under the plan: individual, husband-and-wife, and family. Cost of subscriptions ranges from \$9.60 annually for an individual under a payroll deduction arrangement, to \$30 a year for a family membership obtained by direct application. Payments may be made quarterly, semi-annually, or annually, or, if by payroll deduction, monthly.

Whalers Are Missed

Irked by federal excise, American companies turn their attention to European market.

ONE OF THE PROPOSALS that died during the expiring sessions of the last Congress was a resolution to suspend the 3¢ per lb. excise tax placed on oil from whales taken by foreign killer ships. The duty went into effect on June 30, as provided in the Revenue Act of 1938.

In fighting the tax, the whaling companies charged that they were the victims of lobbies representing interests which produce inedible tallow from city garbage pails. It was claimed that these groups were trying to "ingratiate themselves with the farmers." The American companies complained that they would have to go out of business if the tax was imposed. But a lot of things have happened since June 30, most important being the war that is raging mildly in Europe.

The United States industry consists of the Western Operating Corp., with its huge factory ship Ulysses, the American Whaling Co. with the factory ship Frango, and some small units along the Pacific Coast. American factory ships employ Norwegian killer ships and crews. These are the small steamers which track down and slay the whales. The Ulysses uses eight of them. To build that many killer ships in this country would have cost the company some \$3,200,000.

Whale Oil in Demand

War has boosted whale oil prices in the world markets. At the time the Congressional drive was on, whale oil sold at around \$100 a ton; it is now around \$160 and still looking up. So instead of going out of business, the Ulysses sailed for her regular Antarctic whaling grounds on Oct. 7, to connect there with her regulation flotilla of Norwegian killers. Meantime the Frango sailed, presumably for Sweden, with her last season's cargo of oil. She will sell it in the world market, if nothing happens to her. It is assumed that the Ulysses will also market her next season's catch in Europe, and ignore the American market. Prospects for good prices are bolstered by the announcement that German whalers won't go to sea this year, and that other nations engaged

in whaling. Lords of the big blany pro knowledge in handling with the year the whaling plays care inhabits and envie

Skill B

Gunner for three 350 of the are organ Because o time requ the comp the Norw Norwegian world m big lumbl blubber any flag wegian.

America home be effect. U.S. den They as drop in t nual pro amountin

Whale ening so it comp Procter purchase whalers more for business tions in miral By

Indepo

COLORA about boomer age of They h (BW— rado Su ment of selling a Skogmo to make to the Ford, C manufa erships testing Charles file tax who op of a sir percent and let and wh

in whaling are to curtail their activities.

Lords of the modern whale ships are the big blond Norwegian gunners. Company profits depend on the gunner's knowledge of whale behaviorism, his skill in handling the little killer ships, his aim with the harpoon. For three months each year the gunner follows his calling. For another three months going to and from the whaling waters he drinks whisky and plays cards. For the other six months he inhabits his villa beside his fjord, admired and envied by his neighbors.

Skill Brings a Big Return

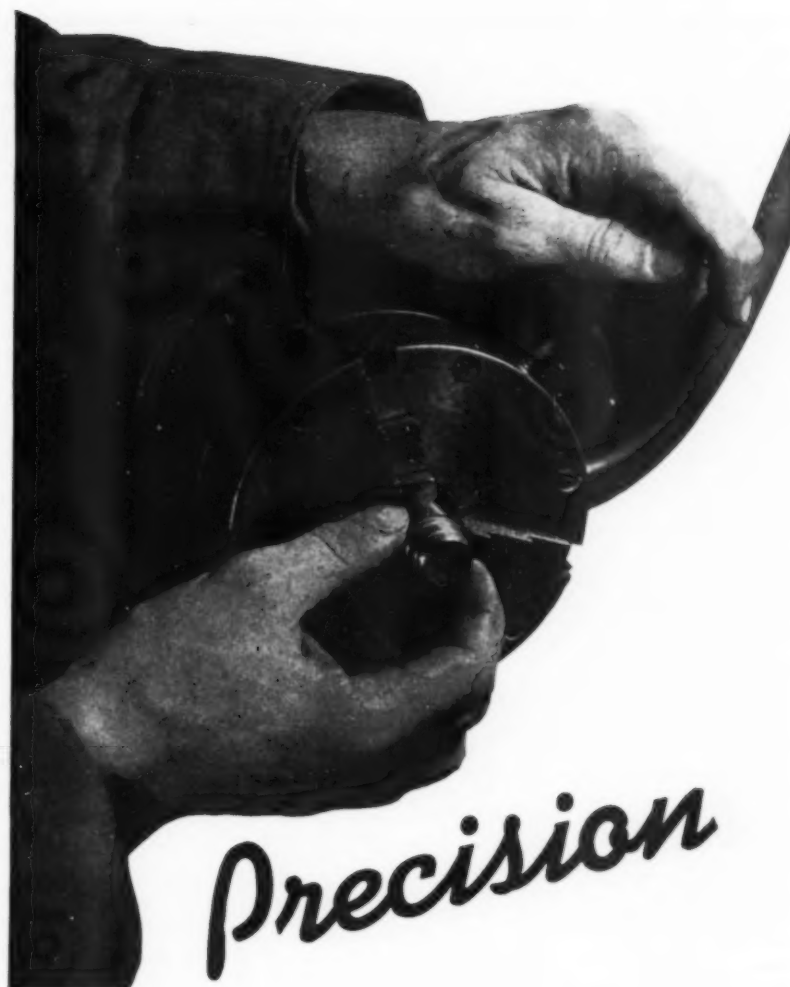
Gunners have made as much as \$20,000 for three months' work. There are some 350 of these salty aristocrats and they are organized in an airtight little union. Because of restrictions on apprentices, the time required to develop experience, and the complete dependence on their skill, the Norwegian gunners and their 240-ton Norwegian killer ships have almost a world monopoly on the business. The big lumbering factory ships (where the blubber is boiled down to oil) may fly any flag but its killer ships are Norwegian.

American companies did all right at home before the 3¢ tax was put into effect. Domestic whalers supplied the U. S. demand for 70,664,000 lbs. last year. They assert that this amount is but a drop in the bucket compared to the annual production of other fats and oils amounting to 9,500,000,000 lb.

Whale oil is used principally for whitening soap, and the companies deny that it competes with any farm product. Procter & Gamble, through their large purchases, dominate the market. The whalers assert that Americans must pay more for soap if they are forced out of business. Also they say that their operations in the Antarctic will support Admiral Byrd's claim to American territory.

Independents Hit by Tax

COLORADO's independent retailers are about convinced that they threw a boomerang when they worked for passage of the state's chain store tax law. They had the first inkling late in May (BW—June 3'39, p. 28), when the Colorado Supreme Court ruled that management of a string of independent stores selling auto supplies under the Gamble-Skogmo name was sufficiently centralized to make Gamble-Skogmo a chain liable to the tax. Then the state sent bills to Ford, General Motors, and other auto manufacturers, charging that their dealerships constitute a chain. Ford is contesting the case. Now State Treasurer Charles M. Armstrong says he's about to file tax claims against all independents who operate in groups under the wing of a single wholesaler—and that's a big percentage of all independent grocers—and let the courts decide what's a chain and what's not.



Precision IN EMPLOYEE RELATIONS

IT IS frequently assumed that there is no connection between the public and "our employees." As a matter of fact one is part of the other, but public relations in the broader sense deal with generalities; employee relations in the individual plant require precision in fitting specific measures to personal needs.

Because it permits this kind of individual adaptation the Connecticut General "Protected Pay Envelope" Plan has been accepted as an essential complement to national security planning.

A new booklet "The Protected Pay Envelope" tells how this practical Connecticut General plan is working out in specific cases . . . suggests how it can fit into your organization picture. Have your secretary write for your copy today.

Connecticut General
LIFE INSURANCE COMPANY

Hartford

Connecticut

THE PROTECTED PAY ENVELOPE

Life, accident, sickness insurance, annuities, and all group lines

MARKETING

ADVERTISING • MERCHANDISING • SELLING

Little Books Fight It Out at 25¢

Two concerns now bid for retail volume with paperback reprints of best sellers. New entry is using offset lithography. More outlets being opened.

THIS YEAR nearly a billion magazines will be distributed throughout the United States. Dotted on a map, their circulation would correspond generally to population distribution—though, to be sure, per capita magazine consumption would be shown to be somewhat greater in the North than in the South, in big cities than in small towns and rural areas.

But if a similar mapping job were done for new books, the result would be entirely different. Patches of the country would show up white, for the fact is that one-third of our people live in trading areas where books are not on sale. In nearly 900 of the country's 3,072 counties, there are not even libraries.

Publishers have long realized that to tap this vast virgin market they must seek new outlets. Book stores begin to be marginal propositions in towns of 10,000 population or less. To reach the small-town shopper, and the millions of city folks who never go into a book store, publishers must get their wares into established traffic outlets—and their thoughts have run most often to the ubiquitous drug store. But to get books into traffic stores, they must be made volume items. The answer, obviously, is cheap books. But how cheap?

Trade Follows Their Career

Since June, the trade has been watching an experiment that may very well give the answer—Pocket Books. These are 25¢ paper-bound reprints of former best-sellers. Their initial distribution through drug stores, cigar stores, department stores, and news-stands (in addition to regular book stores) has excited the trade as has no venture in years. Their apparent success is now borne out by the advent of a competitor—Red Arrow Books.

Publisher of Pocket Books is Robert Fair de Graff, no newcomer to the reprint business. He was until 1936 head of Garden City Publishing Co. (Star Dollar Books), went from there to Blue Ribbon Books (98¢ up), and last year helped launch the Triangle Books (39¢).

When the first ten Pocket Books were issued in June, de Graff planned to limit their sales to New York until August. Then, if the reaction proved satisfactory,

he'd go after the national market. But at the end of the first week, the 10,000 experimental copies of each title were a sell-out in New York—and out-of-town outlets were beginning to clamor for copies. These orders were filled toward the end of July, and, by the middle of August, de Graff was able to report total sales of 325,000 books, with reorders running between 12,000 and 15,000 a day.

Sixteen new titles have been added to the original ten, and four a month is the intended future quota. De Graff figures on selling 60,000 to 75,000 of each title, can probably net 1¢ a copy on editions of 50,000. Royalties amount to only 1¢ a copy, split fifty-fifty between author and original publisher.

Pocket Books, Inc., is a New York concern, but the new competition, Red Arrow Books, hails from Milwaukee. The publisher is Columbian Art Works, Inc., printers, publishers, and lithographers for 35 years. Red Arrow Books are being printed in the comparatively economical offset lithography, without apparent loss of readability. Like Pocket Books, they are small—4½ by 7½ inches overall. Small page size does not mean small type size. Both Red Arrow and Pocket Books

are as easy to read as the average book.

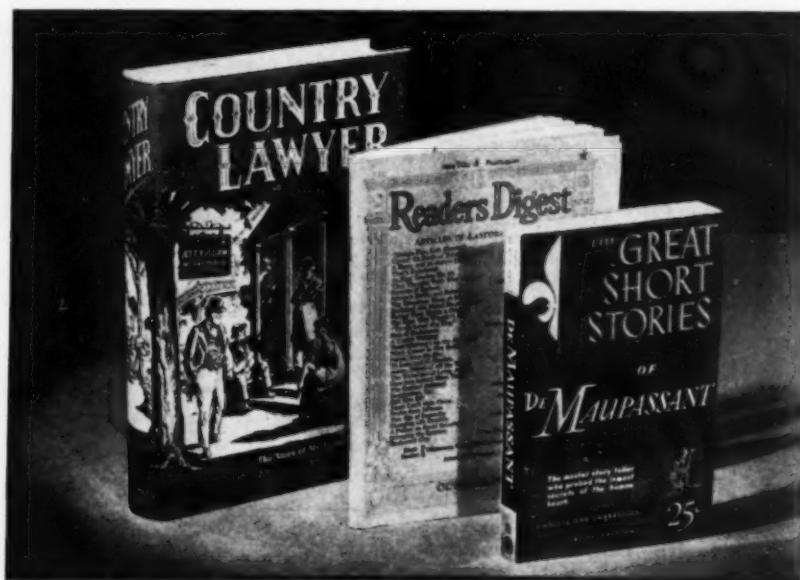
At the start, the Red Arrow Books will be pushed through book and department stores. De Graff, after four months with Pocket Books, rates his outlets in this order: drug and cigar stores, news-stands, department stores, book stores, jobbers, rental libraries, five-and-tens.

There have been other attempts to crack the volume market, but none has scored the success that now seems possible. Most notable of the earlier tries was the sad experience of Modern Age Books two years ago. Modern Age sold paper-backed 25¢ and 35¢ editions, cut costs by using the Rumford Press between printings of the *Reader's Digest*, and advertised heavily. But losses reportedly ran to several hundred thousands of dollars before Modern Age switched to a price of 50¢ on most of its books, with some at 75¢ and 95¢.

A Different Approach This Time

Actually, the Modern Age experience is of little value in figuring the chances for success of Red Arrow and Pocket Books. Modern Age was selling many original editions. Red Arrow and Pocket Books are selling reprints—therein lies a world of difference. Some manuscripts have a short and merry life, others have long and steady careers, and the editor probably doesn't live who can pick new works that will unfailingly sell in the volume required for 25¢ editions.

Such may not always be the case. Strangely enough, a major obstacle confronting any publisher eyeing the 25¢ market has been the lack of competition. A single publisher can hardly supply enough titles to get many outlets interested. Hence, it seems entirely reasonable that de Graff welcomes the entry of Red Arrow Books into the field. Reprints may build such a cheap-book market that new editions will get another try.



Pocket Books (4½ x 6½ in.) live up to their name.

A Gift

Put in their makers

THE ON show of b linen in pu thing. At lantic City tute of L that a cu program v gram is t laundry-o dealers in ery. Exper to superv

An enti devoted t tions—the 36 years ject had notice. A dustry is scious of in the in magazine, designed laundry-o prospects.

Weigh

Launch Homema \$26 to 8 bargain have bec four-page ing up th laundry ries artic textiles a the Nov

Manag is still advertisi

If adv prospect firms wh textile a decision that app plugged the ma policy.

No Re

When ing test ago, lau ing som lost hop It to t paign o \$5,000, of the i national ture. C nature lack of

A Gift to Laundries

Public relations program in their behalf is sponsored by makers and sellers of supplies.

THE ONE INDUSTRY which, without a show of bad taste, may wash its dirty linen in public is about to do that very thing. At its annual convention, in Atlantic City Oct. 2-5, the American Institute of Laundering informed delegates that a comprehensive public relations program would start Jan. 1. This program is to be an outright gift to the laundry-owners, from manufacturers and dealers in laundry supplies and machinery. Experienced counsel will be selected to supervise the campaign.

An entire session at Atlantic City was devoted to employee and public relations—the first time in the institute's 36 years of conventioning that the subject had received more than passing notice. Another evidence that the industry is becoming increasingly conscious of public relations was the interest in the institute's new 12-page gravure magazine, *Better Homemaking*, which is designed for free distribution by member laundry-owners to their customers and prospects.

Weigh Advertising Policy

Launched three months ago, *Better Homemaking* is sold to members at from \$26 to \$29 a thousand. It looks like a bargain to many laundry-owners who have been paying twice as much for four-page home-made jobs. While playing up the convenience and economy of laundry services, the magazine also carries articles on homemaking, fashions, textiles and movies. The print order for the November issue is 302,000 copies.

Management of *Better Homemaking* is still undecided whether to accept advertising.

If advertising is solicited, the first prospects undoubtedly will be the 47 firms whose products bear the institute's textile approval seal. Regardless of the decision on advertising, it is a sure bet that approval seal merchandise will be plugged constantly in connection with the magazine's consumer education policy.

No Repetition of 1929

When an institute-sponsored advertising test in northern Ohio flopped a year ago, laundry-owners who had been seeking some kind of national advertising lost hope. Recalling the \$5,000,000 "Send It to the Laundry" educational campaign of 1929, which didn't seem to do \$5,000,000 worth of educating, directors of the institute are now convinced that national advertising is out of their picture. Chief reason cited is the local nature of laundry service. Another is lack of uniformity in the names of vari-

ous laundry services that are offered to the public.

Even though the general public is unaware of the sponsor of the "Out of the Dog-House" series of unsigned full page ads boosting laundry service, now being run alternately in *Saturday Evening Post* and *Life*, every owner of a commercial laundry knows that Procter

& Gamble is paying the bill. Salesmen from the industrial soap department of P. & G. intimate to laundry-owners that although the present campaign ends January 1, 1940, it is likely to be renewed if the laundry industry proceeds to show its appreciation in a material way.

Laundry-owners who should know say

Public Relations in Jarratt, Va.



Cushing

When the Johns-Manville Corp. last week dedicated its new quarter-mile-long factory in Jarratt, Va.—where insulating board will be made from Southern pine—it first treated some 3,500-4,000 guests to a bang-up barbecue, fed them on pig roasted over pits, lamb muddle brewed in pots,

then took them on a tour of the new plant, where they saw such wonder-working contraptions as this saw, which cuts the "lightning joint" in Johns-Manville insulating boards (the joint which allows hidden nailing of a board), has an octopus of pipes to suck sawdust out of the room.



Cushing

that the "Out of the Dog House" theme must come from P. & G.'s heart. For years many laundry-owners have been inclined to put P. & G. in the farthest corner of their dog house because of statements in that company's box soap advertisements which were interpreted by the industry as back-handed slaps against commercial laundries. Most owners, however, have forgotten the episode, and many former critics are now placing large orders for chip soap with P. & G. Possibly the current good-will advertising has something to do with the case, but it seems more likely that it's the recollection of the 1914-1919 wartime soap prices.

Furniture Men Alert

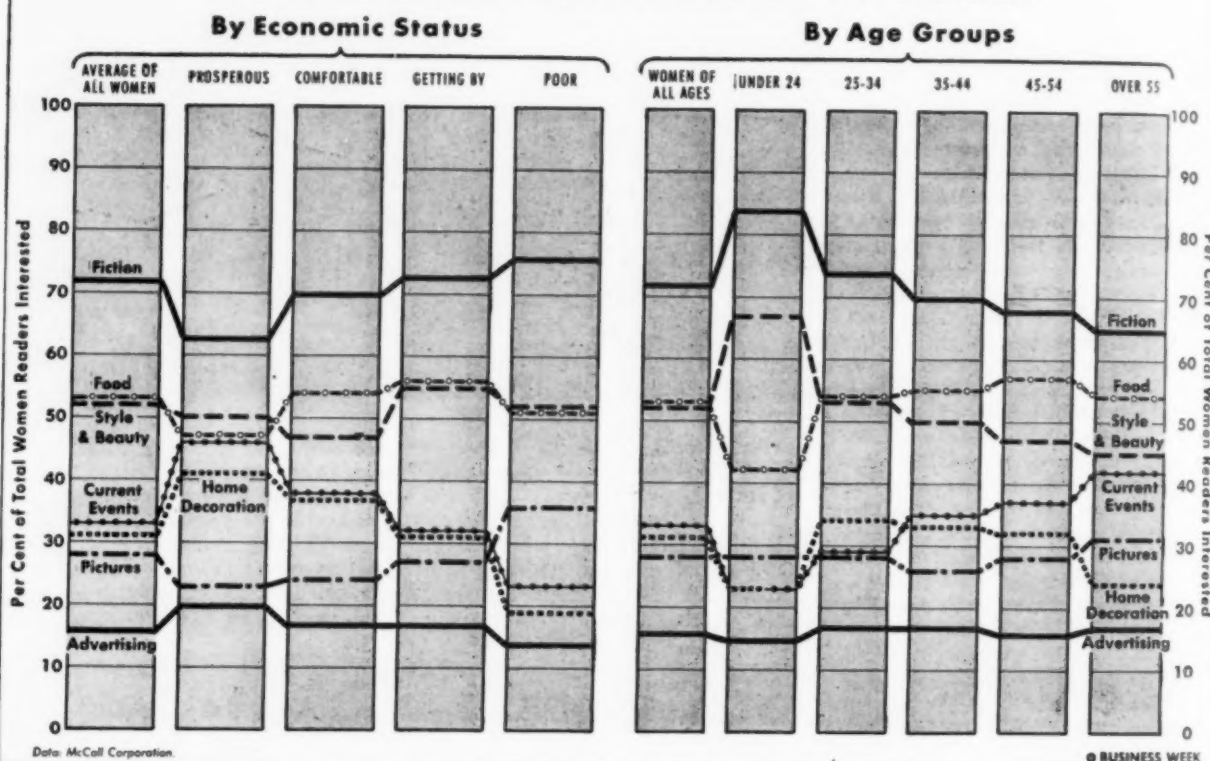
Low stocks and stiffening of prices point to unusual activity at midseason Chicago Mart.

FOUR TIMES A YEAR, there is a national home furnishings market in Chicago's Furniture Mart (with some overflow to the Marshall Field-owned Merchandise Mart). To one of the four markets goes nearly every furniture dealer in America. Big dealers attend all four. Small dealers may go to only one of the Chicago meetings, and keep abreast of trends for the rest of the year by attending one of the

lesser markets in New York, San Francisco, High Point, Grand Rapids, or Boston. January and July are the big markets, when nine or ten thousand buyers crowd into Chicago. The fall and spring meetings are midseason markets. Their normal attendance is 2,500.

This week trade leaders were predicting that the market which opens next Monday (Oct. 30) will be no normal midseason market. Its attendance is likely to run far higher than the usual 2,500, may come close to the normal for a January market. Trade leaders reason thus: Retail furniture stocks are lower than usual after the August sales—and dealers are worried about the

MAGAZINE READING INTERESTS OF WOMEN



McCall's readership analysis (BW—Oct 21 '39, p. 37)—"A Qualitative Study of Magazines: Who Reads Them and Why"—gives advertising space-buyers a new tool for directing sales appeals to specific groups of women prospects according to "markets of interest".

Charts above show that fiction is the major magazine appeal of all women. Researchers call it an "escape" interest, point to the fact that fiction is more popular with poor women than with prosperous, with young than old. Current events, a "realistic" interest, shows the opposite trend.

Other charts in the McCall study classify the degree to which the woman readership of 21 major magazines is concentrated in various age, income, and interest groups. For example, the magazine with the biggest percentage of its circulation concentrated in the age group of women under 25 is *True Confessions*; among women 25 to 34, it's *Parents' Magazine*.

Magazine; women 35 to 44, *American Home*; women 45 to 54, *National Geographic*; women over 55, *Woman's World*.

Similarly, the leaders by income groups are: in the prosperous class, *Time*; comfortable class, *American Home*; those "getting by", *Good Housekeeping*; and in the low-income class, *True Confessions*.

Among women who prefer fiction, *Good Housekeeping* leads; for food information, *Good Housekeeping*; style and beauty, *McCall's*; current events, *Time*; home decoration, *American Home*; pictures, *True Confessions*; gardening, *Better Homes & Gardens*; social and economic subjects, *Time*; advertising, *American Home*; home management, *Parents' Magazine*.

To avoid charges of bias, McCall's got three independent advertising men to direct the initial study, in which C. E. Hooper, Inc., interviewed 5,267 women.

San Fran-
cisco, or
the big
and buy-
fall and
markets.
500.
predict-
ens next
normal
lance is
the usual
normal for
reason
low—
st sales
out the

effect of war on price levels. Dealers will want to be in Chicago to check with manufacturers on price and supply, and, perhaps, to begin building inventories.

War is likely to have little effect on the industry's lumber sources. Mahogany logs from the tropics arrive in this country from April to August, and 1939 shipments are already completed. A normal year's requirements are on hand, so no great price rise is anticipated. Walnut, as a native wood, is of course available for use. Barring a sudden rush for walnut for gun stocks, little price activity is expected in it other than from possible wage increases and the generally anticipated rise for all commodities. The same applies to other domestic woods such as birch, maple, and gum.

A Push to Finishing Materials

But, on the other hand, finishing materials contain many products used directly in war—such as gun cotton and nitric acid. Chinawood oil, because of shipping difficulties, is expected to show a sharp increase, as are other imported ingredients used in making paints, varnishes, and lacquers. Wool is already up 20¢ to 25¢ a pound. Other finishing materials—rubber, silk, zinc, iron, steel, yarns, leather, and burlap—are fluctuating from day to day in a generally upward direction.

Hence, buyers in Chicago next week will find that furniture prices are already beginning to stiffen. Merchants, coupling in their minds the possibility of rising prices and a hope for continued economic upturn, are likely to do more buying than usual.

What They Have to Show

Spurring such buying, 2,000-odd manufacturers will show better-designed furniture than ever before. Modernized period designs, given zest by new finishes, upholstery fabrics, and hardware, will furnish a connecting link between period designs and Modern. Hardware in many instances will be conspicuous by its absence, for it is replaced on many of the new pieces by grooved finger niches. On period pieces, hardware follows simple lines to give a contemporary air.

There will be further emphasis on ensemble and matched groupings by manufacturers. The new groupings are accompanied by matched novelty pieces designed in conjunction with the upholstered groups.

Tea and hostess carts are expected to appear in many of the novelty lines along with new knee-hole desks in oval, round, semi-circular, and kidney shapes.

Kitchen furniture will feature enlarged ensembles with new emphasis on green as high-style color when used in conjunction with sparkling white. Chrome for kitchens, used for chairs and as legs on kitchen tables, will be heavily stressed.

LETOURNEAU TURNS



TO "FLEX-SET" PREFORMED YELLOW STRAND

For economy, users of all kinds of machinery employing wire ropes can profitably follow the example of R. G. LeTourneau, Inc., who recently adopted "Flex-Set" Preformed Yellow Strand as standard equipment on all their famous "cable controlled" machines.

Of course, LeTourneau wants every machine to operate with greatest economy right from the start. Therefore, the decision to standardize on "Flex-Set" Yellow Strand was made only after many rigid tests, and observations right out on the job.

"Flex-Set" Preformed Yellow Strand is a super-rope for super-service, the highest grade product of a company that has made nothing but wire rope for 63 years.

Records of unusual performance are constantly being established by this marvelous rope in practically every industry—general construction, rotary drilling, mining, logging, and in industrial plants—as well as in road building.

Ask any B. & B. Distributor or Branch Office for full details and prices. There's one in every industrial center, ready to serve you, even to the extent of recommending the grade and construction of rope best suited to your needs.



BRODERICK & BASCOM ROPE CO., St. Louis

Factories: St. Louis, Seattle, Peoria

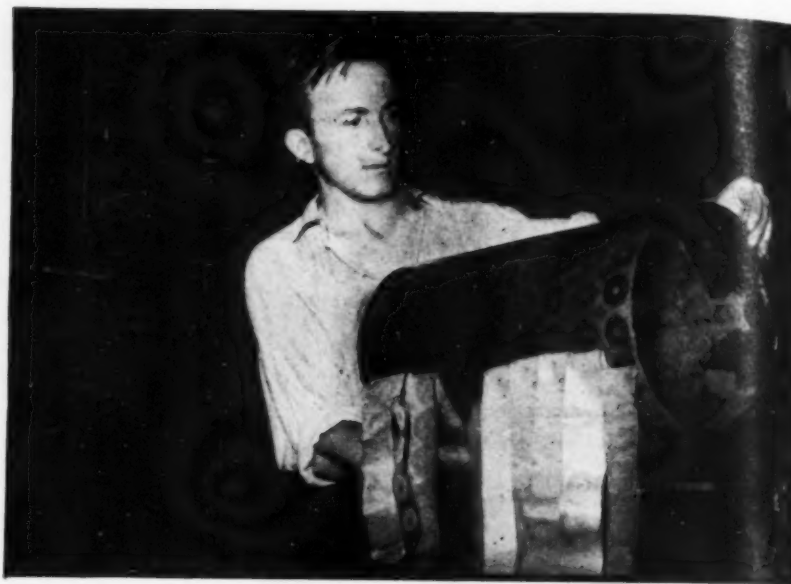
Branches: New York, Chicago, Seattle, Portland, Houston

CUT YOUR HANDLING COSTS WITH DOENUT WHEELS

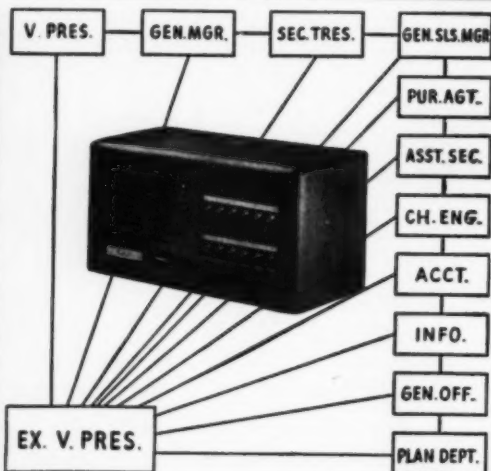


Doenut wheels more merchandise and machines with 50% less labor. Prolong life of equipment, protect floors, absorb surface obstructions and roll silently. Do not sink in sand or soft ground. Developed by the inventor of the air wheel. Four year performance record on wheelbarrows, mowers, grease guns, spraying equipment, castors, trucks, etc. Write for illustrated literature and mention uses you contemplate.

MUSSELMAN PRODUCTS CO. 6314 St. Clair Ave. Cleveland, Ohio.



Elektromesh screen is electroplated, not woven, on a cylindrical matrix.



Wisconsin Gas & Electric Executives Speed Up Internal Communication with

Teletalk Amplified Intercommunication

As illustrated in this chart, the executives of the Wisconsin Gas & Electric Company are in instant voice contact with every part of the organization. . . . Requests, instructions and orders, information and verbal reports are Teletalked. . . . This twelve unit Teletalk system—a small investment—vastly improves office routine. . . . It eliminates wasteful steps, conserves executive time, reduces the possibility of forgetfulness and serves in many other ways. The

speed, convenience and economy of Teletalk is serving many businesses. Teletalk is low in cost, easy to buy and install. It costs practically nothing to operate. Systems available for every business. Write for specific information as to how your business can utilize Teletalk profitably, in many ways.

Teletalk permits the combination of Intercommunication; Paging, Signalling and Sound Distribution, in one compact system.

Licensed by Electrical Research Products, Inc., under U. S. Patents of American Telephone and Telegraph Company and Western Electric Company, Incorporated

WEBSTER ELECTRIC COMPANY • Racine, Wisconsin, U. S. A. • Established 1909
Export Dept.: 100 Varick Street, New York City • Cable Address: "ARLAB," New York

Webster Electric

Where Quality is a Responsibility and Fair Dealing an Obligation

PRODUCTION

New Screen Evolved

Electroplating technique is adapted to perforating process by C. O. Jelliff Mfg. Corp.

MENTION SCREENS to the layman, and his mind is likely to picture window screens of woven wire. Mention screens to an industrialist, and his mind can picture forms ranging from woven wire and rod to perforated screens with holes that vary from the size of a silver dollar to a veritable pin point. A new method of electroplating or electroforming has been introduced in the manufacture of screens of the latter type having 25 to 400 holes per inch. The result is Elektromesh, newest product of C. O. Jelliff Mfg. Corp., Southport, Conn.

Plate to Matrix to Screen

Conceived by E. O. Norris of Jelliff, and worked out in cooperation with technicians of The International Nickel Co., the method combines much of the technique of electrotyping with the continuous process of producing copper and nickel sheets by electroplating. A screen design is drawn by hand, with each hole in its proper location, and photographed. The resultant image is printed photographically on a sensitized metal plate. The plate is developed and etched. With a secret treatment, the parts representing the holes become non-conductors of electricity; solid portions remain conductive.

The plate, which in the process has become the "matrix," is wrapped around a cylinder which revolves in a plating bath. With electrical connections made

and the
to build

Normal
horhood
sixteen ti
production
that used
current

per sq.
in this p
a deposit
down in
same thic
at 2,500

words, th
is propor
passed. M
is a func
of the e
doubled
of depos
power co

As the
from the
a condit
from che

If a thi
metal m
ditioning
specified,
general,
0.025 in
screen ye
1,400 ft.

Can Be

Electr
marily i
of mech
will sup
with wo
strainers
be prod
surround
sections.
formed
form an
Screens
duced si
recently
the ran
unknown

Main
be mad
desired.
and siz
tions pr
present
where c
be used
fabricat
ing, wel
though
per and
ferred
in the
50,000
Electro
ing cyl
This is
"expans
mesh a
yet bee

and the current turned on, screen begins to build up on the cylinder.

Normal production rate is in the neighborhood of 800 amp. per sq. ft., about sixteen times the current density used in production shops, and about eighty times that used in small job plating shops, but current densities as high as 2,500 amp. per sq. ft. have been used commercially in this process. At 100 amp. per sq. ft., a deposit of 0.001 in. of nickel is laid down in 11½ minutes; at 1,500 amp., the same thickness is laid down in 46 seconds; at 2,500 amp., in 28 seconds. In other words, the amount of metal deposited is proportional to the amount of current passed. Note that the rate of deposition is a function of the current rather than of the energy used. If the amperage is doubled by doubling the voltage, the rate of deposition is doubled, although the power consumed is quadrupled.

As the screen is stripped automatically from the plating cylinder, it goes through a conditioning bath where it is freed from chemicals used in the plating bath. If a thinner screen is desired, excess metal may be "plated back" in the conditioning bath; if a thicker screen is specified, more metal may be added. In general, screens run from 0.0008 to 0.025 in. in finished thickness. Widest screen yet made is 36 in.; and the longest, 1,400 ft.

Can Be Used in Fuel Strainers

Elektromesh screens will be used primarily in fine meshes below the limits of mechanically perforated metal, and will supplement rather than compete with woven wire. They will be used for strainers in fuel systems, since they can be produced with unperforated borders surrounding and stiffening the perforated sections. Such fuel strainers are electroformed continuously in multiples in sheet form and then punched from the sheet. Screens for radio loud speakers are produced similarly. Since the process has so recently emerged from the laboratory, the range of commercial possibilities is unknown.

Main point is that the new screens can be made as stiff, tough, and strong as desired. Mesh can be of almost any shape and size. Borders and special constructions present few problems. The screens present smooth surfaces (important where doctor blades and scrapers may be used against them) and are readily fabricated by punching, drawing, stamping, welding, soldering, and the like. Although they have been produced in copper and other metals, nickel is the preferred material, since its tensile strength in the electroplated condition runs from 50,000 to 100,000 lb. per sq. in. Newest Elektromesh screen comes from the plating cylinder with lozenge-shaped holes. This is stretched after the manner of "expanded metal lath," to form a square-mesh screen. Its applications have not yet been explored.

Advertisement



PACKAGING



Clever Display Carton Lures Fishermen

Nothing makes an angler's heart beat faster than to see a vivid array of brightly colored baits and lures in his favorite tackle shop—unless it is the sensation experienced when "old fighter" actually attacks the bait.

The "Go-Deeper River-Runt-Spook" lure of James Heddon's Sons, Dowagiac, Michigan, is merchandised in a display carton that aptly



illustrates the underwater action of the lure, visualizes for the sportsman the fish in pursuit of the bait.

The bait-makers selected Sutherland's talented artists to create this action scene to catch the fisherman's attention, and they entrusted the manufacture of the cartons to the same company so they could be sure of accurate reproduction. The carton serves as a packing unit as well as a counter display.

More recently, the Heddon Company chose Sutherland to design and produce an effective four-color display carton for a new transparent, indestructible fly rod lure, the "Punkie Spook."

Convenient Package Makes Market for Diced Vegetables

Packed in convenient, transparent window cartons, diced fresh vegetables have gradually won a definite place on the food shopping lists of thousands of housewives.



Developer of the package that helped create the market for ready-cut vegetables was Sutherland Paper Company. Important to commission houses and produce packers is the fact that the carton is of one-piece construction,

can be filled and closed quickly, requires no gluing operation. Its transparent window means appetizing diced radishes, cubed carrots, bits of celery, and other fresh vegetables are clearly visible to shoppers. Besides, the cartons are printed in attractive colors to heighten their attention value.

Nine small holes are punched in each package so that vegetables receive necessary ventilation to retain freshness.

Sutherland has taken the lead in fashioning consumer unit containers for mushrooms, tomatoes, Brussels Sprouts and other vegetables.

Prepared Chop Suey and Chow Mein Go into Round Paper Containers

"Ready to heat and eat" chop suey and chow mein is now marketed in smartly designed all-paper cylindrical containers. La Choy Food Products, Inc., of Detroit, Michigan, selected sturdy, leakproof packages for their popular prepared Chinese food delicacies.

Chop suey and chow mein, cooked at a 200-degree temperature, are quickly transferred to a refrigerator where temperature is kept at a level of 20 degrees Fahrenheit. So sudden a change ordinarily would cause the container label to loosen, the bottom to soften. But, by using a special moistureproof adhesive for applying labels and by employing moistureproof, greaseproof materials for the outer liner Sutherland Paper Company, Kalamazoo, Michigan, developed an ideal paper container



for chop suey and chow mein.

These sanitary protective packages, attractively printed in a red and black design of oriental motif, save time and money for the La Choy firm . . . provide better flavor and savor for consumers.

Moistureproof, greaseproof components are also used to produce folding cartons for delicious La Choy Chow Mein noodles.

Packaging Experts Exercise Sound Merchandising Principles

Sutherland's packaging experts have at their command paper containers in a matchless variety of styles, shapes, and sizes. Their versatility in applying sound merchandising principles to package design and development has been responsible for the success of hundreds of products.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS

NEENAH

Look for Neenah in the watermark

No matter what your business, paper is an important "raw material."

It could not function without paper for its records—with no means to contact customers by mail.

Neenah's fine rag content business papers have been standard for important letterheads and business forms more than half a century. They are strong where strength is needed—permanent where long life is required—attractive in outward appearance. And their cost is little more than for the cheapest papers.

Write for the story of how Neenah's papers are made, and for samples. Ask your printer to use a Neenah paper.

Fine Rag Content Bonds, Ledgers, Index and Lightweights

MANUFACTURED BY NEENAH PAPER COMPANY, NEENAH, WIS.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS

THIS MODERN BUSINESS EQUIPMENT WILL INCREASE OFFICE EFFICIENCY

... the new "Streamliner" Suite



Make your office a business home that is comfortable and attractive, as well as efficient. Enjoy the advantages of the new Globe-Wernicke "Streamliner" suite designed to keep pace with the trend for modern, economical office equipment.

"Streamliner" desks, tables, files and chairs are made in a variety of styles and sizes for every business requirement. The suite also includes telephone stand, waste basket, letter tray and costumer.

In addition to standard finish this smart new office equipment is available in seal gray with white metal trim—very beautiful and practical.

Globe-Wernicke business equipment and systems are sold by dealers everywhere.

The Globe-Wernicke Co. . . CINCINNATI, O.

Nylon Hosiery on Sale

Six stores in Wilmington handling them as latest step in du Pont's research with fiber.

ONE YEAR AGO this month, E. I. du Pont de Nemours & Co., Wilmington, Del., announced officially the development of Nylon, "the first man-made organic textile fiber prepared wholly from raw materials from the mineral kingdom," with plans for a new \$7,000,000 plant (since upped to \$10,000,000 or so) to make it at Seaford, Del. (BW—Oct 29 '38, p. 18). This week, before the completion of the new plant, Nylon hosiery went on sale at six Wilmington stores, including the department stores of Kennard-Pyle and of Crosby & Hill, and four specialty shops.

Purchases Held to Three Pairs

Du Pont's accompanying announcement said, "The over-the-counter sales to the public will culminate extensive experimental work in cooperation with the hosiery industry. Several grades of quality hose have been developed. Emphasis has been on producing a serviceable stocking that has both sheerness and beauty." Sales were restricted to known customers living in the Wilmington area. And since the quantities available for sale were limited by the small production of a pilot plant, each customer's purchase was held down to three pairs. The price range, which has been haunting the dreams of hosiery manufacturers ever since Nylon was born, brought the manufacturers considerable comfort: 45-gage full-fashioned hose, \$1.15 per pair; 48-gage, \$1.25; 51-gage, \$1.35. "Sheerness" ranges from "medium" to "very." On initial introduction, at least, the new hose would not make inroads into the volume market where retail prices are just beginning to reflect the rise in natural silk.

Just the Name, Nylon

Although practically every important hosiery mill has cooperated in the production of this first lot of stockings, they are branded only with the name, Nylon. Since constructions are identical, and since the prime purpose of the sale is to obtain test experience at the hands of cash customers, du Pont felt it best to free the research from any prejudices or confusions which might arise from a variety of brand names. The company wants the definite low-down before general sale in 1940, following the completion of the new Seaford plant.

Meanwhile, from across the Pacific, where Japan has been worrying about the continuing impact of man-made fibers on worm-made silk, comes word that a Korean research worker, Dr. Shoki Ri, assistant professor at Kyoto Imperial University, has succeeded in

synthesizing coal, lime, it "Synth ports ind Nylon, it

PR

CO: fro

FROZEN C
Pittsburg
completed
duction o
limestone
uses, calc
gular kiln
to be od
mately 9
is lime.

Unifor

TO WIND
form ten
its high
creases i
speed is
lem of m
the engi
Columbu
variable
with elec
not only
rately, bu
tion dur
pleted co

Five N

(1) "Ac
Export."
"Allis-CH
Mainten
Milwauk
Contain
(4) "A
Lighting
General
Welding
nance,"

"Gogg

SAFETY
welding
producti
best of
the effie
pillar
trained
work an
carts" t

Stoker

KOPPER
menting
minous
associat
ual ope
program
in conn
stokers.
equippe

synthesizing a still newer fiber out of coal, lime, and acetylene gas. He calls it "Synthesis No. 1." Fragmentary reports indicate that it is quite unlike Nylon, it being wool-like in character.

PRODUCTION ANGLES

CO₂ from Limestone

FROZEN CARBONIC CORP., Neville Island, Pittsburgh, reports that it has recently completed a year's uninterrupted production of carbon dioxide direct from limestone. The Gillette process, which it uses, calcines limestone in a tall rectangular kiln. The CO₂ evolved is reported to be odorless, colorless, and approximately 98% pure. Residual by-product is lime.

Uniform Winding Tension

TO WIND STRIP METAL into coils of uniform tension, the winding reel starts at its highest speed. As the material increases in diameter on the reel, the speed is reduced. Faced with the problem of making the operation automatic, the engineers of Lewellen Mfg. Co., Columbus, Ind., hooked on a special variable speed Lewellen transmission with electrical control. The new set-up not only controls winding speed accurately, but resets itself for further operation during the removal of each completed coil.

Five New Booklets

(1) "ACME PRODUCTS for Those Who Export," Acme Steel Co., Chicago; (2) "Allis-Chalmers Texrope Drives and Lo-Maintenance Motors," Allis-Chalmers, Milwaukee; (3) "Folding Cartons Plus," Container Corp. of America, Chicago; (4) "Automatic Control for Interior Lighting," (Booklet No. GEA-2679B) General Electric, Schenectady; (5) "101 Welding Ideas for Low-Cost Maintenance," Lincoln Electric Co., Cleveland.

"Goggle Carts"

SAFETY SPECTACLES, respirators, and welding helmets are likely to hamper production unless they are kept in the best of repair and adjustment. To insure the efficiencies of these essentials, Caterpillar Tractor Co., Peoria, Ill., has trained two special attendants for the work and supplied them with "goggle carts" to carry the tools for their jobs.

Stoker Coal Research

KOPPERS COAL CO., Pittsburgh, supplementing the research work of the Bituminous Coal Research, Inc., the coal associations, the railroads, and individual operators, embarks on a permanent program of investigation and research in connection with its coals for use in stokers. A special laboratory is being equipped at the Seaboard plant of Koppers

Co., Kearney, N. J. Research subjects will include the determination of fusion ranges suitable for domestic underfeed stokers, a study of coking tendencies, and an investigation of the effect of different feed and air settings upon individual coals.

All-Welded Giant

FOUR RAILROAD CARS were required for shipping a one-piece creosoting cylinder recently completed in ten days by Treadwell Construction Co., 607 S. 12th St., Midland, Pa. The all-welded pressure vessel, which meets ASME and ASTM requirements, is 160 ft. long and 6 ft. in diameter, and weighs 111,000 lb. The shell is $\frac{3}{8}$ -in. steel with a $\frac{1}{2}$ -in. head.

Redipoint THE BUSINESS MAN'S PENCIL

INSURE THE VALUE OF YOUR SALESMAN'S TIME WITH REDIPOINT

MANUFACTURED EXCLUSIVELY FOR ADVERTISERS BY

BROWN & BIGELOW

Remembrance Advertising

SAINT PAUL, MINNESOTA

here! there! everywhere!

dag
COLLOIDAL GRAPHITE

BEATS HEAT

... in conveyors and baking ovens, in die casting and permanent mold equipment, in ceramic and glass making machinery, in new places every day.

This material is now available in a form that permits stable suspensions, even in low viscosity fluids such as kerosene, spindle oils, etc. Where boundary conditions exist, "dag" colloidal graphite acts as an ideal teammate for oil. In the presence of high temperatures, dispersed in fluids that quickly evaporate, only a positive, clean, durable lubricating film of graphite remains on the bearing surface. It takes over the load at the point where oil leaves off.

Send for brochure describing the properties of "dag" colloidal graphite and 182 uses in industry. You or your oil supplier can easily add "dag" to your present lube or to selected petroleum fluids.

dag
COLLOIDAL GRAPHITE

ACHESON COLLOIDS CORPORATION
PORT HURON, MICHIGAN

FOR STEAM CYLINDERS

FOR COMPRESSORS

FOR HIGH TEMPERATURE LUBRICATION

And Now—Landing Beams



Man's conquest over the air has been fought at every step by a formidable enemy . . . fog. Then, directional beams, transmitted between airports by radio gave the danger of fog its first great defeat.

Now, landing beams remove fog's final threat. Riding a landing beam, the pilot can bring his ship in almost as surely and safely as if the fog didn't exist.

Many Mallory precision parts contribute to this newest safety factor in flying. If the manufacture of your products calls for power supplies, condensers, switches, vibrators . . . or for metals of higher conductivity and greater strength, you may be sure that Mallory can supply you.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA
Cable Address—Pelmallo

P. R. MALLORY & CO. INC.
MALLORY
PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS



**Here's one answer
to the CONSUMER movement**

This tag on I. E. S. specification lamps is not only a mark of identification it is one answer to the consumer movement. For this tag is the guide post to a product certified by E. T. L. test as to quality and performance . . . in accordance with given specifications. Sales indicate that the tag is also helpful to sellers.

**Electrical Testing
Laboratories ETL**

Location Box 200 (1939) New York N. Y.

FORGETFUL?

A POCKET MEMORY SYSTEM . . .

Keeps appointments—things to do today—or next week. Perforated coupons—each memo separate—finest leathers—Smart Zipkit for ladies.

test out when attended to—
from \$1.00 to \$7.50.

IDEAL BUSINESS PROMOTION GIFT

FREE—Write for pigskin key case and valuable booklet. "Helps to Personal Efficiency."

ROBINSON REMINDERS
Dept. 2
Westfield, Mass.

Personal
RR
Efficiency

NEW PRODUCTS

Movable Partitions

SUBDIVIDING OFFICES and partitioning factories become simple, low-cost jobs with the new "Transite Walls-Universal Type Movable Partition Walls," developed by Johns-Manville, 22 E. 40th St., New York. Basic material is Transite, an as-



bestos-cement composition. Ingenious connectors make dismantling and relocation as simple as original erection. Although the walls and accompanying doors are only 1½-in. thick, they possess a high degree of resistance to noise and fire.

"Powder-Braze"

NEWEST THING for joining metals by brazing is Powder-Braze, a powdered metal product of Charles Hardy, Inc., 415 Lexington Ave., New York. Procedure is to heat the metals to a temperature of 1,325-1,450 deg. F., and to flow on the powder from its spouted can, producing a tough, malleable joint. Copper brazes to copper without a flux.

Triple-Duty Floor Machine

DESIGNED for the three distinct duties of sanding, steel-wooling, and polishing floors, the Tri-Craft Floorworker comes from the plant of Porter-Cable Machine Co., Syracuse, N. Y., for service in plants



and buildings of all kinds. Terrazo and concrete floors are as amenable to one or more of its services as linoleum and wood.

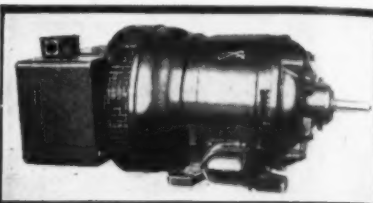
Automatic Time Switch

WHOEVER wants his radio turned on at a particular time or desires the electric

coffee maker to get going automatically in the morning will appreciate the Pinto Automatic Time Switch of Pinto Mfg. Co., Detroit. The device consists of a length of wire with suitable plug-in connectors and a switch which fits on the alarm winder of almost any standard alarm clock. Duly set and connected, the clock does the rest.

Adjustable Speed Motor

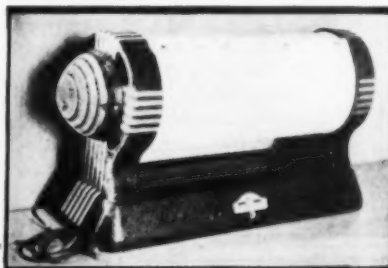
BY COMBINING an eddy current clutch and a standard AC squirrel cage motor, Louis Allis Co., Milwaukee, achieves the Ajusto-Spede Motor with a range of speed from zero to full motor speed at full load torque. There is no mechanical contact



between the driving and driven members of the unit. Speed and torque changes are obtained by varying the magnetic excitation of the clutch.

"Minute Man" Blueprinter

OCCUPYING a desk space of only 9 x 26 in., the Paramount "Minute Man" Blueprint Machine makes prints of any size up to 18 x 24 in. As designed by Paramount Engineering Co., 5707 W. Lake St., Chicago, the outfit consists of a glass



cylinder, a heavy canvas for holding sensitized paper in contact with material to be blueprinted, two inbuilt photo-flood bulbs, and a "Mark Time" timer to assure accurate exposures.

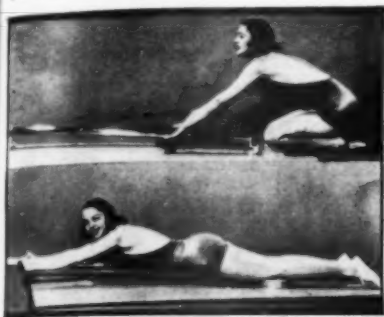
Thermostatic Filler

LIQUIDS SHRINK with cold and expand with heat like most solids and gases. Thus when a drum is filled with liquid at a low temperature, the customer gets a heavier poundage. To facilitate uniform filling, National Meter Co., 4207 First Ave., Brooklyn, is bringing out the new Cornell Empire Thermostatic Filler, a compact unit which automatically corrects liquid volume for changes in temperature, and offers appealing economies

to refiners, compounders, and distributors of all kinds of liquid products.

"Tiger Stretch"

KNEEL on the two knee pads of the Tiger Stretch Conditioning Machine, grasp the padded handles, and stretch back and



forth. According to the manufacturer, John Tolchin Co., 251 Third Ave., New York, the machine conditions muscles without hardening them. "Bay windows" vanish; hips are checked and streamlined.

Electronic Are Welder

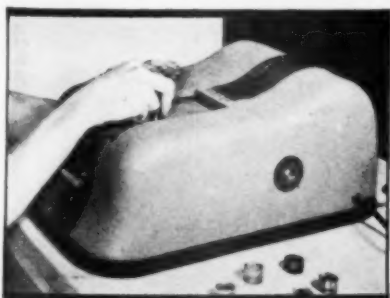
FOR PRECISION WELDING of light-gage steels, stainless steels, and other metals, Allis-Chalmers Mfg. Co., Milwaukee, recommends its new Weld-O-Tron unit, using the newly developed 1/32 and 3/64-in. electrodes with currents as low as 5 amp. Heart of the unit is a multiple-tube, polyphase mercury vapor rectifier. Accurate control makes possible the welding of sheets as thin as 0.01 in., or approximately 32 gage.

Silbrite

DURING THE PAST YEAR, several prominent jewelers have been protecting silverware against tarnishing by single applications of a compound developed by Norma Chemical Co., 100 Stevens Ave., Mount Vernon, N. Y. It is now being retailed under the name of Silbrite.

Safety Belt Grinder

ALTHOUGH it was developed by Fisher Scientific Co., 711 Forbes St., Pittsburgh, for grinding metallographic specimens, the Fisher Laboratory Belt Grinder



should find wider applications. Moving parts are inclosed in a protective metal housing, with an opening through which the operator has access to a 4-in. grinding belt.

"AIR-MINDED PEOPLE WORK BETTER IN LIGHT-CONDITIONED OFFICES" Says *United Air Lines Official*



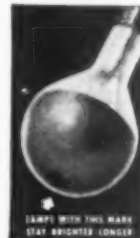
United Air Lines modern terminal and office at Chicago airport.

PLENTY of good light for day or night work is a "must" in our Chicago terminal office," reports a United Air Lines official, because air-minded people just naturally seem to do better work when the offices are light-conditioned.

Not only air-minded people, but everyone does better work in good light. That's because it helps them see more easily, work with less fatigue, and do a more efficient job. When you light-condition your offices, be sure to use G-E MAZDA lamps. They're more efficient than

ever this year, and they give more light for your money because they stay brighter longer. Write General Electric Company., Dept. 166-BW, J. Nela Park, Cleveland, Ohio, for a free copy of "Light for Seeing in the Office."

G-E Silvered Bowl MAZDA lamps are regular MAZDA lamps with a coating of "mirror" silver on the bowl. They provide indirect light at low cost.



G-E MAZDA LAMPS GENERAL ELECTRIC



The United Air Lines office is light-conditioned with 500 watt G-E Silvered Bowl MAZDA lamps in modern indirect fixtures. They provide 30 footcandles of light on the desks.

PLANNED WASHROOMS DO THIS FOR YOU



**Reduce cost by more
efficient arrangement**



**Build good will by
more satisfied workers**

INEFFICIENT arrangement, poor fixtures, a limited supply of towels—these things cause delay and loitering, cost you money in time wasted. Instead, why not put your washrooms on a paying basis? Let them help you build good will.

Without increasing your budget one cent, the Scott Washroom Advisory Service will show you how you can have modern, up-to-date washrooms that build good will and pay their own way.

We suggest you send for these cost-reducing facts already used to put thousands of plant and office washrooms on a satisfactory and economical basis.



FREE!

"Washroom Advisory Service" Booklet gives practical suggestions on how to relieve congestion . . . reduce overhead in washrooms.

• Scott Paper Co., Chester, Pa. Send me, without obligation, "Scott Washroom Advisory Service."

Name _____

Position _____

Firm _____

Address _____

Trade Mark "Scott-Tissue" Reg. U. S. Pat. Off.
Copyright, 1939, Scott Paper Co.

BW-10

LABOR & MANAGEMENT

INDUSTRIAL RELATIONS • PERSONNEL • EXECUTIVE POLICY

Slowdown

Automobile union's substitute for sitdown as fighting technique works best on closely-integrated production. Other industries watch new use of old tactics.

DETROIT, where the sitdown epidemic started, has broken out with a new rash of labor trouble. This week interest in the differences between the Chrysler management there and the C.I.O. group of the United Automobile Workers was overshadowed by concern about the fighting technique that had made big headlines for the dispute. Industry was watching the "slowdown" to see whether it, too, would prove contagious.

The slowdown comes into operation when workers let down speed or efficiency at critical points in the flow of production, thereby creating artificial bottlenecks that can't easily be eliminated. How well it will work in an industry depends largely on how closely that industry's production is integrated, on whether a slackening up at one point is likely to slow down the whole schedule. In most automotive plants—car makers and major suppliers—it takes but a handful of men on key operations to upset produc-

tion to such an extent as to require suspension of work.

Primarily responsible for this is the fact that in the manufacture of an automobile there is virtually no storage of materials between operations. Particularly is this true in body-building. Production schedules are generally set on a day-to-day basis, figured from dealers' orders.

More Vulnerable Now

On a given day the first car off the line may be a green coupé, the next one a brown two-door sedan, then a blue four-door, and so on. As the chassis moves along, hoods, fenders, bodies, and other units of the proper color must reach their assembly points at exactly the right instant and in the proper sequence. Any interruption in the smooth flow stops the final assembly line. And it has become easier to do this since car makers have gone in for color options



Chrysler checks up constantly, times workers on the assembly line. The time question is critical now as Detroit labor uses the slowdown to put

pressure behind its demands. One way workers disrupt assembly is to let a body go through the first paint booth without a spray coat.

The

LABOR
tive
comp
Chry
more
were
Dew
eliat
strik
Corp
Borg
boom
was
of re
with
Flint
facts
(1)
ing
man
U.A.
sure
(2)
Spok
Chry
prin
and
unio
serv
Phil
man
(3)
ing
a pe
Sec.
by p
boar
pict
talk
Boar

as well
Easie
mobile
sub-ass
ers usin
behind
could d
an occa
paint b
it didn'
to ball
plants.

Found

The
from w
Corp.
Dodge,
are Ch
Here a
of the
and oth
transmi
of these
a num
stages
cylinde

The Auto Labor Front

LABOR difficulties in the automotive sector of industry grew more complicated this week. While Chrysler Motors and United Automobile Workers representatives were conferring with James F. Dewey, Department of Labor conciliator, the union decided to strike four plants of Borg-Warner Corp., parts makers. Another Borg-Warner plant has been strike-bound for three weeks. Coming up was the General Motors problem of resuming lapsed labor contracts, with uneasiness already evident in Flint. In an over-all survey, these facts stood out:

(1) Management was in a fighting frame of mind, and there were many employers who believed the U.A.W. would crack under pressure.

(2) The union was confident. Spokesmen charged bitterly that Chrysler had never accepted the principle of collective bargaining, and that other companies regarded unionism as a passing phase. Conservative C.I.O. advisers, including Philip Murray and Sidney Hillman, were keeping hands off.

(3) The government was moving in. Dewey began to look like a permanent resident of Detroit. Sec. Perkins was keeping in touch by phone, and the Michigan labor board had been nudged out of the picture. In Washington, there was talk of another Automotive Labor Board.

as well as a variety of upholstery styles.

Easiest point of attack in most automobile plants is in body-finishing and sub-assembly. At Chrysler, union workers using the slowdown to put pressure behind their demands found that they could disrupt assembly simply by letting an occasional body go through the first paint booth without a spray coat—and it didn't take them long to discover ways to ball up key assemblies affecting many plants.

Foundry Work Concentrated

The Dodge plant is the focal point from which the production of Chrysler Corp. radiates to Plymouth, Chrysler, Dodge, Dodge Truck, and De Soto. Here are Chrysler's major foundry facilities. Here are machined and assembled most of the cylinder blocks, connecting rods, and other engine parts, as well as axles, transmission, etc. What is more, most of these parts are interchangeable among a number of cars, at least in the early stages of production. For instance, a cylinder block casting from the foundry



This costly production tie-up was caused directly by faulty safety goggle lenses. The severe eye strain that results causes workmen either to remove the equipment and suffer

injury—or incur splitting headaches that harm their efficiency and morale. In either case your profits suffer.

WILLSON Industrial Goggles eliminate this condition quickly and permanently because WILLSON flat Super-Tough Lenses are uniformly toughened for protection . . . accurately ground for undistorted vision.

WILLSON Safety Service can be applied to your plant—without charge or obligation. Write for complete information.



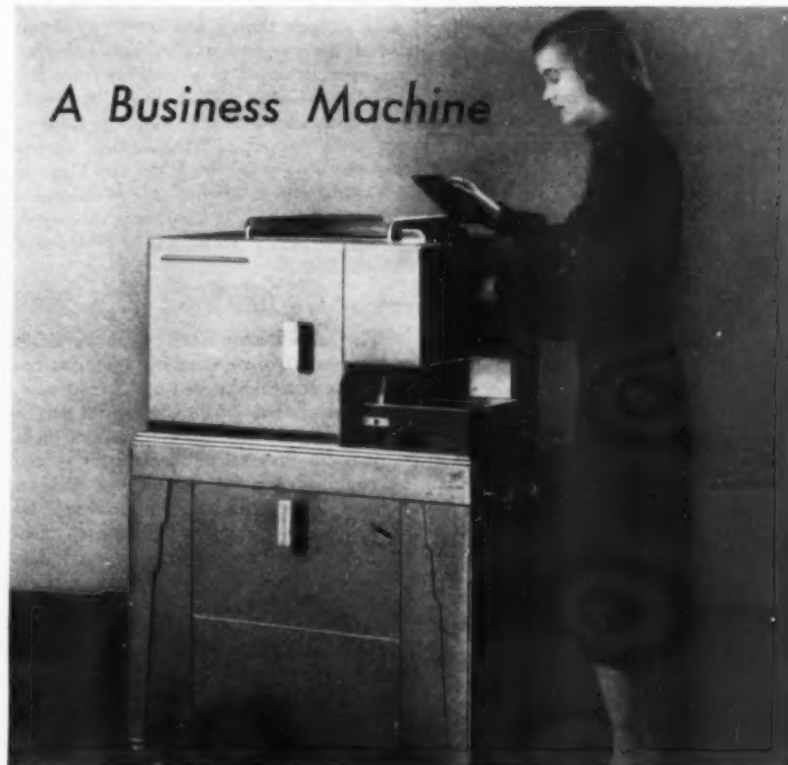
Style RR50 is one of more than 300 different types of Willson Goggles designed for every conceivable industrial use and condition.

WILLSON
DOUBLE
PRODUCTS INCORPORATED
READING, PA., U.S.A. Established 1875

- GOGGLES
- RESPIRATORS
- HELMETS
- GAS MASKS

Advertisement

A Business Machine



Arnold Genske

INTERNATIONAL BUSINESS MACHINES CORPORATION
World Headquarters Building, 590 Madison Avenue, New York, N.Y.

Clients served:

Liggett & Myers Tobacco Co.
Western Electric Company
Loose-Wiles Biscuit Co.
Association of American Soap and Glycerine Producers, Inc.
Group IV, Savings Banks Association of the State of New York
Bank of the Manhattan Company
Bigelow-Sanford Carpet Co.
American Telephone & Telegraph Co.
The Equitable Life Assurance Society of the U. S.
Copper & Brass Research Assn.
Trans-Atlantic Passenger Conference
White Rock Mineral Springs Co.
L. C. Smith & Corona Typewriters Inc.
The Texas Company
Beech-Nut Packing Company
Hartford Fire Insurance Company
Hartford Accident and Indemnity Co.
United Brewers Industrial Foundation
Holmes & Edwards Division
International Silver Company
Thos. Cook & Son—Wagon-Lits, Inc.
General Electric Company
Pepsi-Cola Company

Newell-Emmett
COMPANY
Advertising Counsel
40 EAST 34th ST., NEW YORK

SALARIED POSITIONS

*Individualized
Organized
Advertising
Service—*

We carry on preliminary negotiations for positions paying from \$2,500 to \$25,000. 29 years recognized standing and reputation.

The cost is small... your retaining fee protected by refund provision. Identity covered and present position (if employed) protected.

If your salary has been \$2,500 or more, send name and address for details.

R. W. **BIXBY** INC. 282 DELWARD BLDG. BUFFALO, NEW YORK

Experienced Travelers Say!—



IN ST. LOUIS STAY AT
Hotel Lennox
DOWNTOWN, GOOD PARKING
GOOD FOOD AND REAL SERVICE

MANUFACTURERS

Desiring Live, Aggressive Sales Representation

on the **PACIFIC COAST**

COMMUNICATE

SNYDERMAN CO. 1180 HOWARD ST. SAN FRANCISCO, CALIF.
Established 15 Years

may become part of a Plymouth, a Dodge, a De Soto, or a Chrysler Six, depending on a variation in only a small number of operations further along the line.

This standardization of production design has made possible the complex modern automobile—particularly in the “lower middle” price class. But it has also made possible the use of the slowdown to stop the works by jamming the flow of some key feeder line. Slow down gear production and you interrupt transmission case machining. Slow down transmission assemblies and you halt final assemblies just as soon as the small floating bank of sub-assemblies has been eaten up.

Reversing the Lines

This is not a condition peculiar to Chrysler. It applies, though perhaps in slightly lesser measure, to General Motors, Hudson, Ford, Nash, etc. For instance, the smaller Pontiacs and Olds sixes carry the same body shells and other parts as the Chevrolet line. And practically identical transmissions off the production lines at Warner-Gear go into several makes of cars.

In applying the slowdown, the U.A.W. has merely reversed the method used by the automobile makers to build up standard daily production rates as new models are introduced. When operations are begun on new models, assembly, sub-assembly, and production lines are all started up slowly and operated that way until proper timing has been calculated for all departments and workers have become accustomed to variations from the previous models. Then, week by week, conveyor lines and schedules are stepped up until “standard” production speeds are reached. After each step-up there is a careful check to eliminate bottlenecks before production is once more increased. What the slowdown does is to create new bottlenecks.

Slowdown Hits Harder

The slowdown, often used in cases where unions were charging manufacturers with abnormal speed-ups, is not new. In some phases, it is about as old as the factory system, though the modern technique was first made spectacular in the Akron rubber plants, where the sitdown—now deemed “bad public relations” by labor—also began to make headlines. Detroit had its first experience with the slowdown in the early days of the United Automobile Workers. When that organization was getting its start under the aegis of the American Federation of Labor, assembly lines in one plant or another were occasionally slowed down by employee action. However, union membership was so slight that a few discharges usually restored orderly production. Now that the U.A.W. has an easy majority in a great many plants, it's not so easy.

New Labor Law Test

NLRB action against open shop employer groups in Los Angeles is challenged.

THE NATIONAL LABOR Relations Board is moving in on four leading Los Angeles open shop employers' groups with actions which may decide how much jurisdiction the board has over such associations.

The actions were brought against Southern Californians, Inc., Merchants & Manufacturers' Association, The Neutral Thousands, and Employers' Advisory Service. Hearings began this week in Los Angeles under Trial Examiner Howard Myers.

On complaints supplied by local A.F.L. and C.I.O. unions, the labor board charges that the four organizations interfered with free collective bargaining rights of employees in unions, fostered company-controlled “independent unions,” influenced employers who were not members of the groups to deny employees their rights under the Wagner Act, formed secret employee groups in struck plants to break strikes, formed housewives' associations to promote “back to work” movements during strikes, and distributed resignation blanks among union members in order to encourage withdrawals from the unions.

They Deny the Charges

The four employer organizations have denied all allegations and have questioned extension of the board's jurisdiction to the associations which do not employ labor.

The board's complaint originally included charges against four Los Angeles tent and awning manufacturers for interfering with collective bargaining rights of the Textile Workers' Union and other C.I.O. groups by fostering independent unions (among other things). Last week the companies, while denying the allegations, waived hearing and agreed that the board should issue an order against their doing any of the acts of which it accused them. They said they would accept a federal court enforcement order.

Action of the Los Angeles unions in complaining to the Labor Board against the four associations is the second major episode in a flank attack on open shop forces in “the citadel of the open shop.” First engagement was won by the unions last month when a jury decided that collection of union dues could not be classified as “extortion” in a case involving a group of union members in the Chrysler automobile plant (BW—Oct 7 '39, p.39). A third objective, on which both C.I.O. and A.F.L. forces will concentrate during the next few months, is ousting of Buron Fitts, aggressive Los Angeles district attorney, regarded by them as a key factor in maintenance of the open shop.

LABOR ANGLES

Renew Coast Arbitration

ARBITRATION WAS RESTORED as a basis of waterfront relations on the West Coast this week when Wayne Morse, federal arbitrator, who resigned early this month after Harry Bridges' Dock Checkers' Union had refused to abide by one of his decisions, agreed to return to his job. Bridges last week withdrew the San Francisco picket line which Morse has branded violation of contract and agreed to play ball in the future. Meanwhile, negotiations for new contracts between the Waterfront Employers' Association and the maritime unions continued amicably in San Francisco. Even the "tough babies," Harry Bridges' International Longshoremen's & Warehousemen's Union, appeared to be anxious to reach an agreement although no actual progress on terms was made this week. Significantly, the Sailors' Union, headed by Harry Lundeberg, Bridges' arch-enemy, has signed a two-year contract with provisions for a sliding scale of wages based on fluctuations in living costs.

Not Interested

BECAUSE changes in working hours would be under consideration to fit the 42-hour requirement of the Wages and Hours Law, the Chicago Association of Commerce this month pointed out to members that earlier starting and quitting of day shifts would help eliminate traffic and transit congestion. It suggested they might schedule other hours than 8 to 4:30, asked that they report their decisions. Interest registered by employers was exactly 2.5% above absolute apathy. The first 80 questionnaires showed that only 2 companies with 232 employees had moved their hours in the desired direction.

New Silicosis Battle

INDUSTRIAL health circles are buzzing with reports of an "exposé" of silicosis dangers which are alleged to infest the tri-state lead and zinc mining area of Oklahoma, Kansas, and Missouri. Primary talking point is an anticipated report by the National Committee for People's Rights, a group of liberals, with headquarters in New York. Mining experts who have investigated the same area are ready with a complete rebuttal, and are holding in reserve evidence by U. S. Public Health Service and independent hygiene operatives to show that silicosis dangers are well below permissible standards. A roundup of progress along preventive lines will be offered by a distinguished panel, at the meeting of the Air Hygiene Foundation, which is scheduled for Nov. 14 and 15 at Pittsburgh.

PIERCING THE APPALACHIANS!

WITH PENNSYLVANIA'S
NEW 160 MILE SUPER-HIGHWAY



© McLaughlin Air Service

All 7 mountain vehicular tunnels will be Sturtevant Ventilated!

THE GREATEST single highway project ever attempted in the history of the United States—the new Pennsylvania Turnpike now under construction. Stretching across the state of Pennsylvania, from Pittsburgh to Harrisburg, this record-breaking highway will be 160 miles long—and will cost \$61,000,000.

Through 7 great vehicular tunnels this highway pierces the towering ridges of the Appalachians. A total of seven miles of tunnels—ranging from 1700 ft. to over 1¼ miles long! And to assure safe, comfortable travelling conditions, all will be continuously flooded with fresh mountain air by giant Sturtevant Ventilating Fans—effectively cleared of dangerous car exhaust fumes.

Thus, another outstanding name is added to the long list of Sturtevant-ventilated vehicular tunnels—a list that ranges from the famous Holland Vehicular tunnels between New York and New Jersey to the Oakland-Alameda Tunnel in California!

B. F. STURTEVANT COMPANY, Hyde Park, BOSTON, MASS.

Branch Offices in 40 Other Cities

B. F. Sturtevant Co. of Canada, Limited—Galt, Toronto, Montreal

Sturtevant

REG. U. S. PAT. OFF.

Puts Air to Work

FOR VENTILATING WORLD'S LARGEST MAKER OF AIR HANDLING EQUIPMENT AIR CONDITIONING

MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

All Eyes on Stocks

Traders detect a drying up of foreign selling as General Motors common tops recent resistance point. News from labor front restrains markets.

INTEREST in stock and bond prices this week far exceeded that which might have appeared logical in the light of price movements and volume of trading. It was to traders the most critical week since the middle of September for a variety of reasons.

Of foremost significance to Wall Streeters was the fact that the recent fitful advance in the price of industrial stocks had carried the average to within striking distance of the year's high when trading started on Thursday. Impetus was lent to the rise by Herr Von Ribbentrop's bellicose speech in Danzig which the German press hailed pretty much as the declaration of relentless war on England.

Moreover, General Motors common stock pushed up above \$55 a share during Wednesday's trading. This \$55 level was regarded as most significant in brokerage circles, because it was at this point that foreign (presumably British) selling had been reported on every previous rise. The ease with which the stock broke through led financial circles to believe that the recent dribble

of selling from abroad had dried up for the time being at least.

And the bulls were aided in their operations for the rise by a long list of favorable earnings statements. Not only were the profits of many industrial concerns indicative of what is to be expected in the last three months of the year, but September operating reports of the railroads showed striking improvement as well. New York Central stood out with the best operating income for any month since October, 1929.

Traffic Rise Stimulates Buying

The spectacular rise in railway freight traffic in the last two months—with carloadings rising to the highest level since late in 1930—continues to find reflection in the price of railroad securities. The buying of railroad stocks has been the subject of much attention, but there has been a similar interest in second—and third-grade carrier bonds. These bonds, as a group, had long been depressed by poor earnings. Unlike high-grade bonds, they have not been priced in relation to the money market but

rather to the earnings prospect. So they have been subject to the same speculative factors as have the railroad stocks.

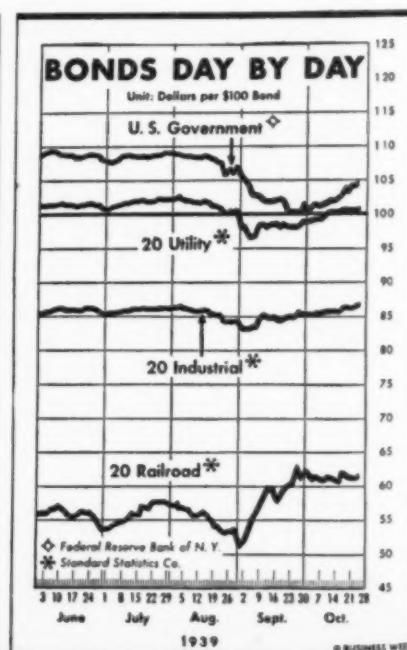
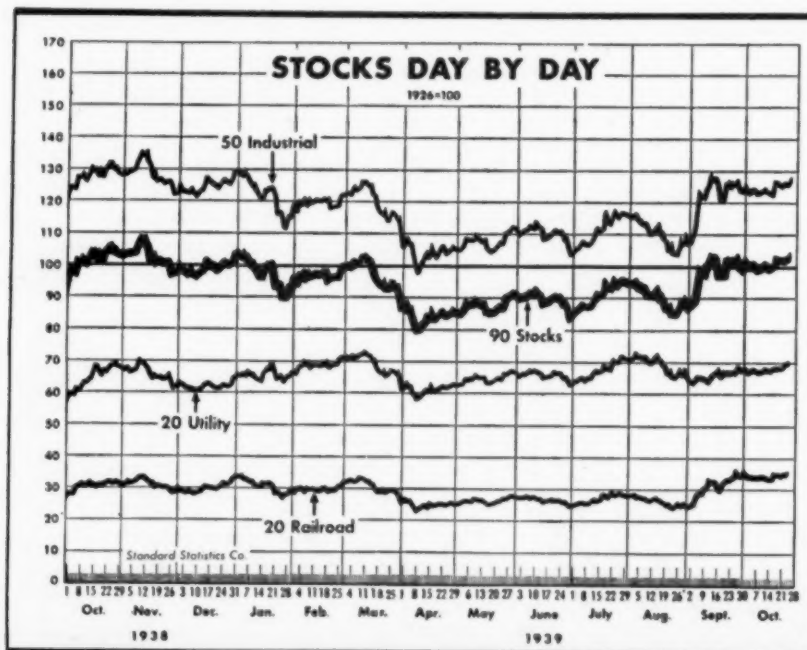
Bonds of the Gulf, Mobile & Northern and the Mobile & Ohio also have been affected for several days by the Interstate Commerce Commission's conditional approval of their merger. Obligations of the M. & O., which have been in default during efforts to reorganize, have jumped from quotations around 15¢ and 20¢ on the dollar to 25¢ and 35¢. This road is benefited particularly because the merger, if it gets court approval, will be a relatively painless way of effecting the reorganization. ICC's final O.K. on the deal is largely contingent on the court's authorization.

Restraining Factors, Too

It is not to be assumed that the markets are unmindful of a few restraining influences in the outlook. Volume of new orders in non-ferrous metals, after the exceptional activity of recent weeks, has tapered off. Steel ingot production has suffered a microscopic setback from the peak of last week; steel men this week have taken an occasional open-hearth furnace out of production for repairs after the industry's rise to 90% operations and in view of the prospect of very high rates of activity well into next year.

Then, too, there is a general recognition that spreading labor troubles will bring interruptions.

Even though commodity markets generally have improved over the last fortnight, there have been disappointments. Sugar has been the outstanding weak sister. Prices of raw sugar in this country now have relinquished practically all of the September gains due to large supplies pressed for sale since removal of quota restrictions.



More Returns from the Corporate Front

EARNINGS REPORTS for the third quarter and nine months came thick and fast this week. Here are a few to supplement last week's (BW—Oct 21 '39, p. 50).

	Quarter Ended		Nine Months Ended		
	Sept. 30, 1939	June 30, 1939	Sept. 30, 1938	Sept. 30, 1939	Sept. 30, 1938
American Brake Shoe.....	\$406,954	\$510,997	\$272,921	\$1,326,888	\$758,135
Bendix Aviation.....	918,873	1,144,214	89,794	3,087,083	d-406,205
Bon Ami.....	350,312	384,299	345,985	1,067,596	1,025,020
Brunswick-Balke.....	1,235,593	239,632	602,488	1,610,424	726,066
Clark Equipment.....	203,444	256,400	35,867	703,635	187,125
Climax Molybdenum.....	3,094,540	1,311,690	2,200,350	5,663,754	5,271,540
Crown Cork & Seal.....	831,655	604,339	449,337	1,627,549	1,352,893
E. I. du Pont.....	22,926,709	20,796,159	12,350,713	62,798,244	31,288,318
Electrolux Corp.....	294,389	374,697	301,435	1,113,000	1,513,140
General Electric.....	8,652,439	8,996,761	4,371,300	25,022,631	17,548,256
General Foods.....	4,558,582	3,829,768	4,036,830	12,470,666	10,327,908
General Refractories.....	287,411	71,738	d-35,223	421,097	31,450
Hercules Powder.....	1,377,091	1,182,148	741,501	3,646,561	1,968,635
Industrial Rayon.....	515,189	44,171	301,136	569,956	180,686
Johns Manville.....	1,472,255	1,078,626	882,366	2,675,999	857,469
Jones & Laughlin.....	1,129,001	d-471,287	d-1,922,237	281,189	d-4,750,102
Lambert.....	421,267	219,214	477,101	1,073,925	1,090,428
Minneapolis-Honeywell.....	779,555	287,777	576,734	1,134,622	719,641
National Biscuit.....	3,023,903	2,885,263	3,662,311	8,878,499	9,307,446
North Amer. Aviation.....	2,267,935	1,425,730	424,316	5,049,617	1,014,491
Shell Union Oil.....	4,548,236	1,684,156	3,534,056	6,710,658	9,364,493
Texas Gulf Sulphur.....	1,749,469	1,830,361	1,558,648	5,014,295	5,273,778
Thompson Products.....	292,618	320,900	165,454	938,673	277,552
Tide Water Assoc. Oil.....	2,048,908	1,097,228	2,424,200	4,380,318	8,416,905
Under-Elliott-Fisher.....	298,540	300,756	269,299	1,159,459	1,198,242
Union Carbide.....	8,400,326	5,457,519	5,451,980	19,151,730	13,383,038
Westinghouse Air Brake.....	630,249	460,926	11,555	1,490,190	d-508,835
Wm. Wrigley Jr. Co.....	2,204,623	2,365,654	2,081,880	6,763,632	5,464,485
Youngstown Sheet.....	765,066	329,086	d-727,546	1,311,259	d-749,042

d—deficit

Car Insurance Fees Cut

Commissions of agents and brokers reduced as Illinois director strikes again.

IMMEDIATELY after ordering a flat 10% reduction in fire insurance rates on dwellings, apartments, and contents in Illinois (BW—Oct 14 '39, p. 56), State Director of Insurance Ernest Palmer delivered another blow. This time he cut brokers' and agents' commissions on automobile fire, theft, and collision policies, effective Jan. 1, 1940. Brokers drop from 25% to 15%, agents from 35% to 25%.

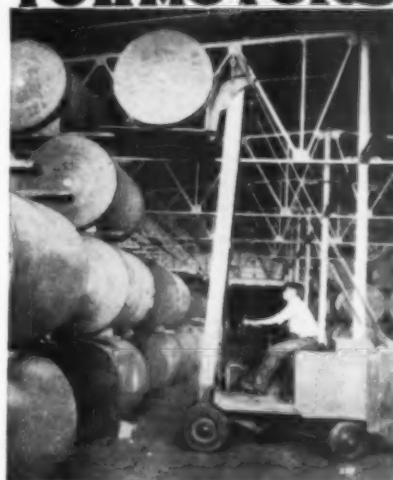
Palmer's official notification to the insurance companies puts most of the emphasis on excessive commissions obtained by finance companies, which originate a great bulk of fire, theft, and collision business. But insurance men who are in a position to be impartial are sure the director has his sights on bigger targets. It is generally believed he has satisfied himself statistically that costs of property insurance of most kinds are higher than they need be. Also, that so many brokers and agents of low average ability clutter up the field that they make it hard for the competent field men to earn a living.

By reducing commissions, he gets a good start on lowering policy costs, and at the same time boosts the quality of agents and brokers, probably without cutting into the better men's incomes. And he does not disturb those insurers who

were previously granting a rate reduction on preferred class risks and paying a lower rate of commission on this low-price, high-quality business.

The Insurance Brokers Association of Illinois is withholding its manifesto until the agents determine whether to sign on as allies. Nobody doubts there will be a court fight, probably attempting to invalidate Palmer's pet insurance code

You CAN HANDLE IT FASTER WITH TOWMOTORS



TOWMOTOR Lift Trucks push, pull, carry, stack bags, bales, boxes, crates, coils, bulk material, work in process, and merchandise in warehouses. Cut handling costs as much as 50%. Their low maintenance and long life of Towmotors proved by 20 years performance.

Write for action picture bulletin No. 16.

TOWMOTOR CO. 1246 E. 152nd St.
Cleveland, Ohio

Sales Offices in 22 Principal Cities

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

October 20, 1939.

THE Board of Directors on October 18th, 1939 declared a quarterly dividend of \$1.62½ per share on the outstanding \$6.50 Cumulative Preferred Stock of this Company, payable on the 15th day of November, 1939 to stockholders of record at the close of business on the 27th day of October, 1939. Checks will be mailed.

DAVID BERNSTEIN
Vice-President & Treasurer



STATE AND MUNICIPAL BONDS approximating one billion dollars were underwritten in the five-year period 1934-1938 by this organization alone, or by underwriting groups which it headed singly or jointly with others. Issued for the construction of schools, roads, public buildings, and other public benefits, these bonds represented 629 separate issues and originated in 37 States of the Union.

CHICAGO, 201 SO. LA SALLE STREET • NEW YORK, 35 WALL STREET
AND OTHER PRINCIPAL CITIES

HALSEY, STUART & CO. Inc.

HOW TO MAKE RADIO ADVERTISING PAY DIVIDENDS



Here is a book for business men and advertising executives which carefully evaluates the possibilities of radio as a carrier of advertising messages. Contains the results of many studies of distribution of listeners, listening habits, testing, etc., as well as practical pointers on writing the advertising script, how to handle competition, and how to build and present a program. **RADIO AS AN ADVERTISING MEDIUM** by Warren B. Dygert, Account Executive, F. J. Low Advertising Agency. 261 pages, illustrated, \$3.00.

CASEBOOK OF LAW AND BUSINESS

By William H. Spencer, Dean, School of Business, University of Chicago. This new book provides a practical knowledge of the legal devices which business men use in the administration of their affairs; shows plainly the lines of social control which mark out definite limits within which business men must formulate their policies; and presents a clear, direct, and analytical treatment of modern business and economics in the light of current developments. 1179 pages, \$6.00.

UNITED STATES OF EUROPE?

Sweeping readjustments are the order of the day in Europe. What form they will take, Ernest Minor Patterson, author of *The World's Economic Dilemma*, hazards a guess in his new book, **THE ECONOMIC BASES OF PEACE**. The book offers six possible approaches toward building up the foundations of peace which have temporarily broken down, pointing out the advantages and disadvantages of each. Required reading for an understanding of tomorrow's headlines. 264 pages, \$2.50.

HELP YOUR SECRETARY TO HELP YOU!

Can you depend on your secretary to handle any assignment judiciously, quickly, correctly? Here is a new book that spells better results in all work of the secretary. Placed in your secretary's hands it will be invaluable in assuring the correctness of correspondence, in eliminating error, in providing a wealth and variety of information that will enable her to handle many details of her work with more satisfaction to you. **STANDARD HANDBOOK FOR SECRETARIES** by Lois Hutchinson. New Second Edition. 616 pages, \$2.95.

Send This McGraw-Hill Coupon
McGRAW-HILL BOOK CO., INC.
330 W. 42nd St., New York

Send me the books checked below for 10 days' examination on approval. In 10 days I will pay for the books, (plus few cents postage, or return them postpaid. (We pay postage on orders accompanied by remittance.)

- ☐ Dygert—Radio As An Advertising Medium, \$3.00
☐ Spencer—Casebook of Law and Business, \$6.00
☐ Patterson—The Economic Bases of Peace, \$2.50
☐ Hutchinson—Standard Handbook for Secretaries, \$2.95

Name
Address
City and State
Position
Company B.W. 10-28-39
(Books sent on approval in U. S. and Canada only)

on the ground that, in giving the commissioner authority to set commissions, it exceeds constitutional powers. Also, the political pressure generated by many thousand brokers and agents will squeeze Palmer for a change of mind—but not even his most optimistic opponents expect success there.

Next step in Palmer's program may be a similar commission reduction on some other type of insurance. Or it may be an order reducing premium rates to absorb the ordered saving in acquisition cost. Sole certainty is that there will be more orders directed at cutting the public's insurance bill without endangering the stability of insuring companies.

Rayon Gets Scarce

Tight situation in silk drives manufacturers to substitute and depletes the stocks.

WITH GROWING APPREHENSION, textile manufacturers have watched the price of raw silk advance this year as a result of short supplies. There was still, however, one consoling thought. If the price of silk got too far out of line, they could always turn to rayon to a limited extent. But by this month they had turned to rayon in such amount that it too had become as scarce as silk. And textile men now had real cause for concern.

Last year, rayon and silk supplied 10.7% of the total domestic textile market (rayon, 9.2%; silk, 1.5%). Rayon has consistently scored gains through the years, while silk has never cut off more than 2.5% of the domestic textile market for itself. But silk men will tell you that rayon can never swipe the stocking market from silk, no matter what gains it makes elsewhere—"elsewhere" meaning underwear, draperies, linings, and such. (This year, while imports of raw silk declined 9.5%, takings of silk by the hosiery industry increased to 77.6% through August, the highest ever.) Rayon men in turn retort, "See what Nylon will do to silk in stockings" (see page 42).

Silk Prices Soar

The reasons for the tight situation in silk are well known to the trade, have been, in fact, since last spring (*BW—Mar 11 '39, p18*). Increased Japanese consumption of a merely moderate sized crop cut into American exports. And since American mill takings of these imports have been almost as large as last year, stocks in warehouses have continued at low ebb. At the beginning of this month, stocks in New York warehouses, at 27,760 bales, represented less than a single month's consumption needs. Meanwhile, the price of silk has skyrocketed from its January low of \$1.83 a lb. to about \$3.50 a lb. in recent days—the highest since June, 1930.

Because of the direct competition of

rayon and silk, it was natural that textile manufacturers should substitute rayon for silk as the price of the latter kept climbing. They did this on so large a scale that consumption of rayon yarn in the third quarter of this year came within 4,000,000 lb. of its all-time high. And this could only be accomplished by withdrawing 19,600,000 lb. of yarn from stocks, which left stocks on hand at the beginning of this month at 13,000,000 lb.—less than two weeks' supply. Trade sources declare that were it not that rayon yarn was similarly scarce, it would have replaced many silk fabrics at the opening of the fall season.

The trade hazards the guess that production of rayon during the last three months of the year will cover consumption needs, assuming that there is the normal seasonal decline in demand. Meanwhile, some weavers are having trouble in obtaining spot supplies, while rayon dress manufacturers are reported to be debating the purchase of cotton in lieu of rayon, because of the tight situation.

Meanwhile also, a curious situation persists in silk. At present prices, the trade appears to be ignoring the substantial increase in the summer-autumn crop indicated this season. Chances are that silk will continue to be high until the new crop moves to market.

FINANCIAL ANGLES

Foreign Selling

THERE'S BEEN a lot of talk about foreign selling of American stocks, but it doesn't show up in U. S. Steel's quarterly report on foreign holdings of its common shares. These stood at 833,244 shares (mostly in England, Holland, and Canada) on Sept. 30 against 841,985 three months earlier.

Treasury Refunds

SEC. MORGENTHAU tested the market for his bonds last week (*BW—Oct 21 '39, p50*) and found it entirely satisfactory. Thus encouraged, he this week offered holders of the \$526,000,000 of 1½% Treasury notes which mature Dec. 15 the right to turn them in, par for par, in exchange for new 1% notes maturing 52½ months hence. Delayed six weeks, this refunding cleans up the 1½s (sold 53 months ago) at an interest saving of ½ of 1% annually despite the drop in high grade bond prices since Sept. 1.

Tobacco Sales Resume

TOBACCO MARKETS were functioning this week—even though a little clumsily—after the shutdown forced when British buyers dropped out two months ago. And prices, with Uncle Sam financing British buying interests, averaged between \$14 and \$15 a cwt., about where they were before the closing.

BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

Soviet Buying in U. S.

September purchases in excess of \$15,000,000. Dies for new car bought from Briggs.

WHAT HAS WAR DONE to our business with the Soviet Union?

Late in August, when the Soviets signed a non-aggression pact with Hitler and started negotiations for a new Soviet-German trade agreement, there were fears that those two moves were preliminaries to an alliance which would make Germany the major supplier of the Soviet, and the two countries a threat to the rest of Europe.

Two months after the outbreak of war there are no signs that Russia intends to ally herself actively with Hitler, and reports of Soviet equipment buying in the United States since the beginning of September indicate that Stalin has little confidence that Germany can supply him with important quantities of the machinery he needs for the development of Soviet industry.

Moscow, during September, jumped its purchases in the United States to more than \$15,000,000 (see table), and already in October is known to have made a contract with the Briggs Manufacturing Co. for dies for the new four-cylinder midget automobile, the first instalment of which amounts to nearly \$2,000,000.

September business soared when the Soviets concluded a contract with the

Mesta Machine Co., of Pittsburgh, for a bi-metal mill to cost nearly \$4,900,000. In addition, they placed large orders for all kinds of machine tools, copper, aluminum, rubber, and special steels. It was the biggest month's business this year, and most of it was transacted through the Amtorg Trading Corp., Moscow's official buying agency in the United States. Disrupted cable communications have made it impractical for Soviet buying agencies to insist on direct dealings with individual companies.

Taking Slower, But Safer Route

Nearly 300 firms in 15 states booked orders, almost all of which call for cash payment and delivery in the shortest possible time. Most deliveries are now being shipped by the Soviets across the Pacific to Vladivostok. They prefer this longer, slower route to the possibility of losing a shipment of valuable machine parts in any transatlantic "accident."

Insiders insist that the transfer of Soviet business from Ford to Briggs was responsible for the temporary rupture in Ford-Moscow relations, which resulted in Soviet engineers being banned for a time this month from the Ford plant where they have been studying Ford production methods. For 11 years, Russia has been doing business with Ford. Dies and stampings for the old Model A were bought by the Russians and for several years after the model had been abandoned in this country, Soviet engineers turned them out at

What the Soviets Bought in September

Aeronautical equipment.....	\$176,101.31
Automotive supplies.....	15,228.12
Chemicals and rubber.....	2,776,109.59
Coffee.....	227,080.00
Electrical equipment.....	552,722.47
Gauges and testing machines.....	10,571.91
Grinding wheels.....	70,902.00
Machinery and machine tools.....	7,837,107.01
Metals (including aluminum, copper and steel).....	2,832,051.03
Oil refining equipment.....	7,229.45
Small tools.....	14,940.91
Steel plant equipment.....	151,986.30
Tools and dies.....	284,078.24
Misc.....	44,842.72

\$15,000,751.06

And Where They Bought It

Connecticut.....	\$157,273.44
Illinois.....	62,850.73
Indiana.....	218,819.08
Louisiana.....	227,080.00
Maryland.....	9,200.18
Massachusetts.....	365,365.35
Michigan.....	116,534.32
Montana.....	1,262,240.00
New Hampshire.....	20,669.72
New Jersey.....	207,676.45
New York (1).....	1,510,800.84
New York City (2).....	3,225,907.35
Ohio.....	2,153,941.22
Pennsylvania.....	5,060,258.71
Rhode Island.....	71,493.20
Wisconsin.....	332,640.47

\$15,000,751.06

(1) Does not include New York City.
(2) Includes some orders placed in New York but fabricated elsewhere.

No Rules Are Broken



Wide World Photo

Though French citizens are now forbidden to cross the Swiss frontier, French merchants still supply Swiss buyers with fruit and vegetables at Geneva. A neutral zone, marked off

by sticks of wood, has been set up on the French-Swiss border. The Swiss leave empty boxes there. The French pick them up and fill them, without setting foot on Swiss soil.

home. Ford income derived from Soviet contracts during the last 11 years is known to have amounted to at least \$20,000,000.

For more than a year, Soviet engineers in Moscow have been working on designs for a small 4-cylinder, 4-passenger car. Production was originally scheduled to begin during the last quarter of 1939. The bodies were to be produced in factories at the great industrial city of Gorky; forgings, frames, and springs were to be produced at the Stalin automobile plant in Moscow; assembly was to be in the remodelled KIM factory in Moscow. The contract for the dies for this new midget car is the one reported to have been signed by Amtorg officials with Briggs early in October.

Still Hospitable to Engineers

Despite the tremendous business which Ford transacted with the Soviets during the first Five-Year Plan, few important orders have been received at Dearborn since 1935. Nevertheless, as a courtesy, a limited number of Soviet engineers have been allowed to work in the Dearborn plant to learn modern American machine practice. This courtesy was resumed this week, despite the Briggs contract, when Henry Ford personally met Konstantin I. Lukashov, chairman of

KOPPERS FAST'S COUPLINGS

HELP THROW 40 TONS OF WATER
A MINUTE AT WORLD'S FAIR



WHEN YOU SAW THE WATER and fire-works display in the Lagoon of Nations at the World's Fair, did you notice the pumping equipment in a nearby building which enables operators to play those fountains of water like an organ?



THERE ARE 11 MOTORS and 11 pumps with a capacity of 2700 horsepower, capable of pumping 100,000 gallons of water a minute which is equivalent to throwing 40 tons of water in the air at one time.



BETWEEN EACH OF THOSE MOTORS and pumps there is a Koppers Fast's Self-aligning Coupling. There, as in many places throughout industry, Fast's Couplings provide trouble-free, dependable coupling service without interruption, without maintenance cost, and without any attention except oiling.

LET KOPPERS SOLVE *Your*
PROBLEMS

Koppers may also be able to help you in any problem involving these products or fields: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Material-handling Systems, Pressure-treated Timber Products, Tarmac Road Tars, Coal Tar Pitch Roofing, Waterproofing, Bituminous-base Paints, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

K O P P E R S

the Amtorg Trading Corp., at the Ford pavilion at the New York World's Fair and assured him that accredited Soviet engineers are still welcome in Dearborn.

Fodder for Germany

Reich claims first benefit from Russian deal, but results remain to be determined.

Moscow (Cable)—The Third Reich now claims to be reaping economic benefit from the rapprochement with the Soviet Union. The Berlin delegation to Moscow has announced a deal whereby Germany is to purchase a million tons of Russian fodder. This, it is claimed, will assure the feeding of Germany's livestock for a full year. The fodder is to be delivered at an unspecified time.

There is no reason to believe that Russia could not supply the fodder without domestic sacrifice. The fodder-producing area in Russia has increased 700% since 1913, while the country's livestock total has decreased 10%. (In 1932 peasants resisting collectivization slaughtered half the nation's cattle.) Obviously, the Soviets have enormous fodder reserves which they would be glad to dump on Germany.

Two drawbacks remain, however: (1) The difficulty of transporting anything out of the Soviet Union. Russia's broad gauge railroads necessitate reshipment at the Polish border, and the difficulties of shipment by sea are obvious. German rail experts are now conferring with Trade Commissariat officials. (2) The fact that Germany isn't going to get the fodder except in payment for something already obtained by Russia, either in the form of goods or technical services.

Deal to Culminate in New Pact

The Soviet-Nazi negotiations are following three stages. The first stage was the formulation of general principles of cooperation, just completed with the departure of Karl Ritter for Berlin. The second stage involves the placing of Soviet orders at Berlin by the Russian delegation which is leaving shortly, paralleled by the placing of German orders here by the Reich's representatives. The third stage will be a new pact putting into legal form the rules for long-term cooperation.

Complicating all trade arrangements are Russia's own war problems. Outstanding among them is the problem of keeping the wheels of industry and agriculture turning while four million Russians are under arms.

A campaign is being pushed with the slogan, "A husband behind the tank wheel, a wife behind the tractor wheel." It is claimed that a hundred thousand women began pushing tractors instead of baby carriages this year. Other thousands are invading the heavy industries.

3,800 Tons of Scotch

THIRSTY U-BOAT COMMANDERS probably regretted the *verboten* sign on the United States Lines' *American Traveler* which arrived at New York last week with the largest consignment of Scotch on record—3,800 tons, 190,000 cases, 456,000 gallons, 2,280,000 fifths, about \$8,000,000 worth at current retail prices. U. S. importers, hard-pressed by the September run on Scotch, heaved a qualified sigh of relief upon the vessel's arrival. At the present rate of consumption 3,800 tons of Scotch lasts less than three weeks.

Trade Drive Goes On

Impending Berlin visit of Soviet shipping commissar is believed to be significant.

BERLIN (Wireless)—Favored by calm on the western front, Germany continues efforts to reorient its foreign trade by drawing materials from northern, eastern and southeastern Europe.

Significance is attached to the fact that the mission of sixty Soviet technical experts, expected in Berlin soon, will be headed by Ivan T. Tevosyan, People's Commissar of Shipbuilding. (Russia was looking to the United States two years ago for ships and materials to augment its naval establishment.)

While the German public grumbles over meager food rations, neutral observers are still convinced that the rations do not reflect the actual supply position. Rather, it is believed, they are due to the government's continuous accumulation of stocks.

No Price Deflation

The German treasury has found two new revenue sources:

First, the savings in manufacturing, resulting from wage cuts decreed in September, must be turned over to the treasury. Originally, these savings were earmarked for a lowering of prices. Apparently the ambitious notion of a major price deflation in wartime has been abandoned.

Second, the levy exacted from the Jews in November, 1938, has been supplemented with a new assessment of 20% to 25% on individuals' property. The additional amount must be collected partly in securities, thus boosting what is already a considerable block of former Jewish-owned shares in the government's possession. The fear that they may be dumped when the need for cash becomes pressing will be, as heretofore, a major bearish factor in a depressed market.

WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

Industrial Mobilization Plan

Government program for drafting business in emergency sets up broad controls under industrial leadership. Question: Will President accept Stettinius Board's recommendations?

DESPITE the firm determination of the United States to keep out of the war and despite foreign uncertainty over the outcome of the neutrality debates, some war buying has actually begun in the United States.

The French, in the last 10 days, have placed fairly large orders for trucks and motorcycles and the French embassy in Washington has admitted that Paris is organized to go ahead with its purchasing program as the need arises.

The British still have placed no important new arms orders in this country, but the official British mission which has been in Canada for more than a month visited the United States last week especially to survey traffic conditions on United States railroads connecting with the Dominion. Admitted plan is to place some large orders in this market but ship by rail to Canada in order to cut the hazardous transatlantic trip to a minimum. By shipping either from Montreal or Halifax instead of New York or Boston, the convoy distance to British ports is reduced nearly 1,000 miles.

At home, the Senate vote on the neutrality bill this week, and the prospect that the House is prepared to make short work of it, revived talk in business circles about industrial mobilization.

Public Wants to Know

Despite the fact that when he "disbanded" the War Resources Board a month ago, the President said he did not believe the forthcoming report of the Board on industrial mobilization was of any great public interest at this time, business has made it plain that it wants to know what these recommendations are, and Board members believe that some public announcement is possible in the next 10 days. Certainly the President has been going carefully over the findings of the Stettinius committee with Louis Johnson, Acting Secretary of War. The windup of the neutrality debate may be the signal to reopen the question of industrial mobilization to public discussion.

Some manufacturers are already tool-

Mass Production



British Press Combine

England's stocks of anti-aircraft shells are swelling as defense appropriations continue to soar.

ing up to meet increased peacetime demand for their goods. Others will need to expand if they are to handle even the foreign orders which they have been assured as soon as the neutrality issue is settled. While neither group wants to think in terms of our being involved in the war, all would like to make current plant adjustments along lines prescribed by Washington. It is a matter of efficiency and economy all the way around. This accounts for the keen interest in knowing exactly what our government plans in the way of an industrial mobilization program.

What the 7-member Stettinius Board will recommend remains a question. Insiders believe that it has made many suggestions, some of them relatively drastic. They doubt, however, if the recommendations call for any important shift away from the general scheme which has evolved over the last 20 years. They point out that the Army and Navy

Departments had the full cooperation of the practical and respected Bernard M. Baruch, chairman of the War Industries Board of the last war, in drawing up the plan which the Stettinius Board was asked to study and criticize. Industrial specialists have also been called in from time to time to offer advice.

Full Cooperation in Crisis

Those close to the planning find it more likely that the Stettinius recommendations call for provisions which will assure full business cooperation with the government during the emergency period but prevent special controls remaining in governmental hands after the crisis had passed—or getting into left-wing governmental hands while the crisis was on. This fits into the gossip which trickled out of Washington at the time the War Resources Board was "disbanded" and which implied that left wing New Dealers who were displeased with the big business appointments to the Board had forced the President to terminate their services as soon as their report was completed. In contrast, there is the group that thinks with Gen. Hugh Johnson that more members of the Stettinius board should have been experienced industrialists.

Since insiders believe that the War Resources Board has based its recommendations on the framework laid down in the standing Industrial Mobilization Plan BUSINESS WEEK has summarized briefly for its readers the main provisions of the Plan. Interest in these will be heightened by the fact that only a few copies of the 1939 edition, on which this summary is based, are in existence and no copies are available at Washington for general distribution.

For Efficient National Effort

Under six general heads in this program the War Department has worked out its scheme of coordinating United States industry so that it will work most efficiently in time of war. "The sole purpose in supervising the utilization of our national resources in war," declare the planners, "is to assure effective support of our armed forces, while protecting industry and the civilian population from unnecessary inconvenience and privation. The surrender of all individual rights in war time is undesirable, if it can be avoided, but the assumption of additional individual responsibilities will be essential to the efficient coordination of a national industrial effort."

Under "coordinating measures" four main controls are proposed. The first calls for a system of priority on all kinds of government business, according to the demands of the War Resources Administration. In some cases whole plants will be commandeered and assigned to special agencies if serious procurement difficulties are anticipated. In others, plant managers will simply be

The War Week in Business

At Home

War Orders—The books of 11 major aircraft companies have a backlog of orders worth \$314,000,000. Moreover, the British and French aircraft missions, lying low while debate on the arms embargo has proceeded, have been reported to be ready to buy 5,750 more planes, valued at \$350,000,000, on revision of the neutrality provisions. Meanwhile, the French air force budget was increased by \$791,000,000 this week and the general French buying mission has been active (see box).

Activity in the arms market is expected from several neutral countries. Norway has already increased its order for American pursuit planes to 24; a Chilean representative will arrive next month presumably to negotiate for arms and material; and a \$50,000,000 Brazilian order for battleships has been forfeited by British shipyards and may be placed here.

Trade Conditions—This week the Japanese yen was divorced from the pound and stabilized on the dollar. The uncertain future of the pound, the chances for increased British control over foreign exchange, and heavier Japanese purchases in the United States (up one-third since the war's beginning) precipitated Tokyo's decision.

Anticipating possible price fluctuations, particularly in foodstuffs, exporters are asking Latin American customers for shorter terms. Latin American orders are continuing to show a steady increase, according to the Department of Commerce (last week combined Canadian and South American orders set a nine-year freight carloadings peak here), and shipments from the United States have jammed the customs of a number of South American countries, causing delivery delays. On the other hand, buyers from the States are reciprocating by purchases in Latin America. Cuban shoe manufacturers have been asked by manufacturers here to bid on 1,000,000 pairs of shoes for the United States' market—a number of firms here, pressed for production capacity, are expected to divvy-up the order. A California company will build an oil refinery in Peru.

Regulations—The first step toward authentic inventory information for American manufacturers has been taken. Figures on iron and steel scrap supplies will soon be made available and the government's intent is to help industry maintain a balanced production by making periodic surveys.

Cotton exports to neutrals will be facilitated by a new, short-term, revolving credit fund of \$5,000,000 which has been set up by the Reconstruction Finance Corp.

The toughest South American trade problem, credit arrangements, is being discussed by the Department of State

and Federal loan agencies. An inter-American institution to insure permanent financial cooperation between the treasuries of the republics has been proposed. Such a set-up would be similar to the Bank for International Settlements.

A special committee of five government officials, under Assistant Secretary of State Henry F. Grady, has been appointed to study Latin American trade problems and to prevent duplication of activity by the various governmental agencies concerned.

Cordell Hull, Secretary of State, has announced that public hearings on a

French Start War Buying

ACTIVE FRENCH BUYING has started here. As predicted (BW—Oct 14 '39, p. 82), an order for 2,000 trucks placed with Studebaker Corp. has been followed by an order for 2,000 with the White Motor Co. and for an undisclosed number with Diamond T Motor Car Co. It was rumored that an order was also placed with General Motors Truck Co. and that there were French inquiries for a total of 20,000 trucks altogether. Indian Motorcycle Co. has received an order for 5,000 motorcycles which will cost \$2,000,000—more than the firm's total business last year. The French ambassador stated this week that a purchasing agency has been set up here and is buying blankets, shoes, and other articles permissible under our neutrality provisions. Large orders for horses may be placed. The French organization is prepared to buy arms with cash, if the embargo is lifted.

reciprocal trade agreement with Uruguay will commence on Dec. 5.

Shipping—The entire South Atlantic below 33 degrees north latitude (which includes Bermuda) and the North Atlantic west of 66 degrees longitude would be open to American ships by new amendments introduced into the Administration's neutrality bill by the Senate. The carrying of arms, munitions, and implements of war would be prohibited, however, and no shipments whatsoever would be permitted in American bottoms to nations on the scene of the war or to the Atlantic ports of Canada.

Since American shipments are being delayed by the British contraband control, London has suggested that the names of the true consignees of a cargo, as well as the banks which act as agents, be placed on bills of lading to facilitate investigations.

Defense Preparations—A preliminary draft of the general survey made by the War Resources Board has been presented to the President (page 53). Prospective army purchases of automobiles have been increased to 12,000 vehicles, worth \$15,000,000.

—And Abroad

Great Britain—At a cost (the Allies are unofficially reported to be about ready to extend a \$100,000,000 credit to the Turks) a British-French-Turkish mutual assistance agreement has been signed in Ankara. Provisions include Allied aid to Turkey if she is invaded, Turkish participation in any Mediterranean war involving the Allies, and the Turkish support of the Allied guarantees made to Greece and Rumania earlier this year.

Imports of silver have been banned, except under license, by the British government. The House of Commons is considering an "economic front" to co-ordinate internal industry; meanwhile, arrangements for food-rationing are at an advanced stage.

France—All debts owed by nationals to German business houses have been automatically canceled for the duration of the war. Round-about attempts to straighten credit relations by transshipping goods to Germany from neutral countries will be "severely punished."

The program for the coordination of French economy and finance with military activity has been read, in special session, by the French cabinet council. No specific proposals have been released.

Germany—To prevent bankruptcies and disruptions in national economy, a system of special, short-term credits has been set up for hard-hit firms. Totalitarian economy and rationing have pinched many businesses, according to Minister of Economics, Walther Funk. At the same time he has intimated the Reich may resort to loans, heretofore banned under Nazi financial policy, to pay for further war costs.

Lithuanian sources report that, with Soviet encouragement, serious negotiations have been undertaken with Berlin to return the port of Memel to Lithuania for 55 years. German fortifications, energetically constructed there after the annexation last spring, are being dismantled.

Russia—The Soviets have agreed to supply Germany with 1,000,000 tons of grains and cereals (page 54). Deliveries will begin next month. A Russian trade delegation, headed by the Commissar of Shipbuilding, will go to Berlin shortly to supervise Russian orders being filled in Germany.

The Polish government-in-exile has agreed with British officials that Poland will not try to make the Allies help reclaim the 40% of her territory which has been seized by the Russians.

required to give priority treatment to certain orders. It is significant in this connection that the War Department, from its survey of industrial plant capacity in this country (BW—Oct 7 '39, p.49), knows the exact capacity of each of 10,360 American factories and intends to refrain, at least at the beginning of any war, from utilizing more than a fixed part of this capacity for war business, in order that normal business can be continued so far as possible. The use of raw materials, and the export and import of all kinds of goods, can be placed on a license, permit, or warrant basis, exactly as the British have already done—after the example set by Nazi Germany a good many years ago (BW—Aug 26 '39, p.31).

As was to be expected, the plan sets up specific government agencies to control prices and foreign trade as soon as this country becomes involved in a war. And the fourth control provides for the creation of special government corporations to assume such special wartime risks as insurance.

Coordination for U. S. Economy

The second major provision in the plan calls for a special agency within the government to administer, under the President, the whole industrial mobilization program. The nerve center of this organization would be the War Resources Board. The details of the duties and responsibilities of this board are what probably called forth many of the recommendations of the Stettinius committee, for as executives of big industries in this country its members appreciate the specific problems of integrating all industry for one great emergency effort. Also, this provision and the third one laid out a very definite organizational setup covering coordination plans for capital, labor, finance, transportation, fuel, and power.

Provide for Public Relations

The fourth major provision provides for the creation of special administrations under the War Resources Administrator to handle public relations, selective service, war finances, foreign trade, and war labor.

In the fifth and sixth provisions the plan calls for the creation of war service committees of executives from each branch of industry who will be brought in from time to time to advise the War Resources Administration, and outlines methods for the demobilization of the whole emergency administration as soon as industry has been turned back to private control after the emergency has passed.

This is the framework for industrial mobilization which the Stettinius Board was asked to survey and criticize. Its report, and the Administration's action on it—if any—are eagerly awaited by industry.

Canada Now at War in Earnest

Dominion would prefer to place overflow orders in United States, if neutrality law permits, rather than expand plants for temporary business.

OTTAWA (Business Week Bureau)—Canadians are beginning to realize that their country is at war. Halifax, Canada's year round seaport on the Atlantic, has already staged several blackouts, and Montreal—though it is a thousand miles from the sea, is preparing to institute blackouts early in December.

Plans are progressing rapidly to make the country a training center for aviation pilots for the whole Empire. Fields are being surveyed across the country; barracks and hangars are being contracted. The first batch of training planes will be ordered in the United States if the neutrality law permits.

Canadians hope that the neutrality law will be relaxed for more reasons than one. They are reluctant to expand their plants to the extent necessary to handle a temporary rush of war business, but

would prefer, if possible, to transfer all overflow orders to the United States, where there is already adequate capacity to handle much of this business. On the other hand, they are equally reluctant to see American branch plants opened in the Dominion merely to handle the temporary war business.

British Look Things Over

In anticipation of a favorable outcome of the neutrality issue, representatives of the British war missions in Canada (Sir James Rae's war purchasing mission and Lord Riverdale's mission to make Canada the Empire's air training center) visited the United States last week. They investigated the possibility of placing war equipment orders, especially training planes, and also the railroad transport facilities from United

The SPOT of Control!

This Little Device Tells You When the Truck Was Working and When It Was Standing Idle ... All Day Long!

A "pound and a half of management," you might call it—YOUR representative on the truck.

Many things combine to waste a truck's time, but they all show up on the clock-driven chart of the Servis Recorder. This simple device "lays on your desk" a complete "picture" of the very facts you must have before you can even begin to intelligently control your motor trucks.

Small, easy to install, strong, sturdy—will outlast the truck; over 100,000 in use.

Write for booklet—Ten Ways of Getting More Work Out of Motor Trucks. It's Free.

THE SERVICE RECORDER CO.
1432 EUCLID AVENUE • CLEVELAND, OHIO

The Servis Recorder
Tells Every Move Your Truck Makes

Business Week Advertisers in This Issue

October 28, 1939

ACHESON COLLOIDS CORP.....43	THE MARINE MIDLAND TRUST CO. OF NEW YORK.....4
Agency—HYATT EBY	Agency—BATTEN, BARTON, DURSTINE & OSBORN, INC.
ALLIS-CHALMERS MANUFACTURING CO.....2nd Cover	GEORGE S. MAY CO.....8th Cover
ALUMINUM CO. OF AMERICA.....9	Agency—JIM DEFFT, INC.
Agency—FULLER & SMITH & ROSS, INC.	MCGRAW-HILL BOOK CO., INC.....52
AMERICAN TELEPHONE & TELEGRAPH CO.....32	MODINE MANUFACTURING CO.....30, 31
Agency—NEWELL-EMMETT CO., INC.	Agency—THE CRAMER-KRASSLETT CO.
R. W. BIXBY, INC.....48	MONSANTO CHEMICAL CO.....3rd Cover
BRODERICK & BASCOM ROPE CO.....39	Agency—GARDNER ADVERTISING CO.
Agency—CHAPELOW ADVERTISING CO.	THE MUSSELMAN PRODUCTS CO.....40
BROWN & BIGELOW.....43	Agency—THE CARPENTER ADVERTISING CO.
Agency—BRONSON WERT	NEENAH PAPER CO.....42
CONNECTICUT GENERAL LIFE INSUR- ANCE CO.....33	Agency—PACKARD ADVERTISING SERVICE
Agency—EDWARD W. RUBOTHAM & CO.	NEW JERSEY COUNCIL.....28
EDIPHONE, THE. THOMAS A. EDISON, INC.....12	Agency—CHARLES DALLAS BRACH CO.
Agency—FEDERAL ADVERTISING AGENCY, INC.	NEWELL-EMMETT CO., INC.....48
ELECTRICAL TESTING LABORATORIES.....44	Agency—NEWELL-EMMETT CO., INC.
Agency—FOSTER & DAVIES, INC.	PATERSON PARCHMENT PAPER CO.....24
GEARE-MARSTON, INC.....6	Agency—PLATT-FORDS, INC.
Agency—GEARE-MARSTON, INC.	PNEUMATIC SCALE CORP.....36
GENERAL ELECTRIC CO.....45	Agency—ALLEY & RICHARDS CO.
Agency—BATTEN, BARTON, DURSTINE & OSBORN, INC.	QUIGLEY CO., INC.....29
THE GLOBE-WERNICKE CO.....42	ROBINSON MANUFACTURING CO.....44
GULF OIL CORP.....25	Agency—THE J. D. BATES CO.
Agency—YOUNG & RUBICAM, INC.	ROYAL METAL MFG. CO.....59
HALSEY, STUART & CO., INC.....51	Agency—H. A. HOOKER ADVERTISING AGENCY
Agency—DUREMUS & CO.	SCOTT PAPER CO.....46
HAMMERMILL PAPER CO.....3	Agency—J. WALTER THOMPSON CO.
Agency—BATTEN, BARTON, DURSTINE & OSBORN, INC.	SERVICE RECORDER CO.....57
HEWITT RUBBER CORP.....2	Agency—THE BAYLESS-KREE CO.
Agency—ADDISON VARR, INC.	L. C. SMITH & CORONA TYPEWRITERS, INC.....1
HOTEL LENNOX.....48	Agency—NEWELL-EMMETT CO., INC.
Agency—GARDNER ADVERTISING CO.	SNYDERMAN CO.....48
HUNTER ELECTRO-COPYIST, INC.....60	STANDARD ACCIDENT INSURANCE CO.....23
Agency—BARLOW ADVERTISING AGENCY, INC.	Agency—N. W. AYER & SON, INC.
INSURANCE CO. OF NORTH AMERICA.....5	B. F. STURTEVANT CO.....49
Agency—GEARE-MARSTON, INC.	Agency—RICKARD & CO., INC.
INTERNATIONAL BUSINESS MACHINES CORP.....47	SUTHERLAND PAPER CO.....41
Agency—CECIL & PIERREY, INC.	Agency—THE L. W. RAMSEY CO.
INTERNATIONAL HARVESTER CO., INC.....19	TOWMOTOR, INC.....51
Agency—AUBREY, MOORE & WALLACE, INC.	Agency—THE CARPENTER ADVERTISING CO.
KOPPERS CO.....54	UNITED GAS PIPE LINE CO.....22
Agency—KETCHUM, MACLEOD & GROVE, INC.	Agency—BOZELL & JACOBS, INC.
LINGUAPHONE INSTITUTE.....59	WEBSTER ELECTRIC CO.....40
Agency—JOSEPH ELLNER CO.	Agency—J. R. HAMILTON ADV. AGENCY
LOEW'S, INC.....51	WARREN WEBSTER & CO.....8
Agency—DUREMUS & CO.	Agency—WILLIAM JENKINS ADVERTISING
P. R. MALLORY & CO.....44	WESTERN ELECTRIC CO.....35
Agency—THE ATKIN-KYNETT CO.	Agency—NEWELL-EMMETT CO., INC.
	WESTINGHOUSE ELECTRIC & MFG. CO.....10
	Agency—FULLER & SMITH & ROSS, INC.
	WILLSON PRODUCTS, INC.....47
	Agency—JAMES G. LANE CO.

States industrial centers to Canadian ports.

Canadian authorities who have tried unsuccessfully for several weeks to place orders in the United States for lathes to be used in the making of shells are preparing now to place the orders in Canada where the government can demand priority treatment and quick delivery. Canadian Car & Foundry and National Steel Car probably will get lathes and go immediately into large scale production of shells, along with Dominion Bridge and Canadian Bridge. Companies in line for the lathe business are John Bertram & Sons Co., Dundas, Ont., John Braiwood & Sons, Montreal, Canadian Machinery Corp. and R. McDougall Co., Galt, Ont.

Another field in which a tentative tuning-up for war production is under way is electric power. Ottawa is rushing a survey of new sources which could be developed quickly, although jurisdiction is in the hands of the provincial governments.

Provinces Sell Bond Issues

Two large provincial government bond issues have been permitted to reach the investing public, the first important financing in Canada in nearly two months. The province of Nova Scotia sold to an underwriting syndicate \$2,500,000 of 12-year 3½% debentures at 97.79, with offering price to the public 99, to yield 3.60%. Ontario province sold \$8,614,000 of 8-year 3½s, with offering price to the public 99½ to yield 3.32%. The Nova Scotia issue was to raise money for highway and general purposes, the Ontario issue for refunding. Since the start of the war, no new financing has been allowed except with the consent of the Central Bank.

No Cut in Advertising

Magazine and newspaper advertising in Canada, contrary to the experience in Britain, has not yet suffered because of the war, nor are there any indications that anything of the kind is in immediate prospect. Even big industries which have reason to expect that much of their capacity will be utilized on war orders, and which consequently will not have to seek new business, appear to have taken no steps toward reducing advertising appropriations. They are not expected to unless it becomes clearly indicated that the war will be prolonged for several years. They have in mind the time when they must revert to peacetime conditions and are reluctant so far to lose contact with their normal markets and customers. In other lines, such as foods, clothing, radios, and household equipment, with no shortage of supply in sight, competition will continue. The war situation in Canada is not yet developing in a way to suggest to manufacturers and other producers that they can afford to abandon cultivation of their normal markets.

THE TRADING POST

Prof Sticks Neck Out

HERE'S A CHALLENGE from a college professor:

"There often is a lot of criticism of college professors for their lack of understanding of business matters, for the possibility that some have warped opinions concerning business practices, and so on. This has been especially true in the field of advertising. Advertising magazines frequently have carried articles condemning the positions taken by many teachers.

"It has always been my opinion that while some of this criticism might be justified, business generally has not made many overtures to the college professor. If advertising agencies and advertisers generally had offered summer employment to teachers of advertising, I believe that many beneficial results would have followed.

"Recently, M.I.T. has received considerable publicity for fellowships whereby prospective leaders in business will be invited to attend the Institute for a year. Similarly, Harvard has an arrangement whereby newspaper men will attend Harvard for a year. Suppose the process were reversed and business firms invited teachers to work for a year. The point might be made that many of them would not be worth their salt. However, it is my feeling that some of them would be in position to make many practical suggestions at the conclusion of their employment.

"In response to a recent inquiry as to how the 'American Way' can be brought to the attention of the college professor, I suggested that rather than reaching out to present the professor with information as to the activities of trade associations, etc., he be brought into the associations and made acquainted with operations as they really are. The typical college professor is quite skeptical of anything that might be classed as propaganda.

"Of course, I suppose that any plan to take college professors into business for a year would present many difficulties and would have to be carefully executed, yet I feel the project is worth while."

It's quite possible that the professor has something there. But if his project is to be most fruitful it should not be confined to teachers of advertising. It's in the departments of sociology and economics that the big job is to be done. It is the influence of those faculties that will make itself felt in the relations between business and the consumer and government. It is their attitude in which business is or should be interested.

And when I say this I am thinking not only of the job business would do on

the professors in the course of such employment. I am thinking also of the job the professors might be able to do for the business men. For it becomes more and more clear that the professors are getting the inside track, not only in moulding the opinions of youth, but also in crystallizing popular sentiment and inspiring governmental viewpoints and policies. This may not always be so, but right now it is sufficiently true to warrant the concern of business men.

It would be well worth while for the professors to get a first-hand bread-and-butter view of the every-day conditions under which a business must work: it would be equally worth while for business men to find out at first-hand from some flesh-and-blood professors just why they are that way and just what makes them tick. Each might return to his respective task with a higher respect for the other, and each might be surprised at what he could get out of the other—once each came to understand what the other was talking about.

Right now I have a hunch that there's a lot too much generalizing about "professors," "business," "profits," "advertising," "consumers," and other matters. They all are fairly easy to dispose of in the abstract. But they are not so easy to deal with constructively until all hands get down to cases. Maybe the professor's project could help bring that about.

Salve for Sore Salesmen

THE OTHER DAY a young salesman I know went griping to his manager because he had been kicked around by a prospect. He had been humiliated; he just wasn't going to stand for it.

"Young man," replied the seasoned old war-horse, who for a lifetime has been kicked around by experts, "let me get you straight on one simple rule of successful selling. It's this: If you must indulge in the luxury of emotion, be sure to do it on your own time. This company is a corporation. Now I know that, in the eyes of the law, a corporation is an artificial person. But this person happens to be so damned artificial that it has no nerves and no emotions in its whole make-up—especially when a customer or a prospect is involved. This company has no feelings that can be hurt by a customer. Its interest is in their business. No customer can make this company sore; getting sore at customers doesn't get their business.

"Remember, then, that when you are representing the company you have no feelings. Your emotional upsets are entirely your personal affair; so please enjoy them on your own time. And, above all, don't let them interfere with the business of the company."

W.T.C.

LOOK... a Machine that will do ALL KINDS of Copying in just 60 Seconds



Will Copy Anything That Is Written, Typed, Drawn, Printed or Photographed

Hunter Electro-Copyist absolutely eliminates copying mistakes! Makes proofreading unnecessary! Will save hours on rush copying jobs in your office! You'll find new jobs for it to do every day. Does work you can't do any other way. No lens—no focusing—no dark room—yet makes fine-quality, photo-exact copies in just 60 seconds.

2 Portable Sizes — 3 Stationary Models

Get a line on the full possibilities of this latest development in copying processes. Profit from experiences of others. Write for full information NOW.

WRITE NOW

HUNTER ELECTRO-COPYIST, INC.
Syracuse, N. Y.

Hunter Electro-COPYIST

MORE COMFORT-

Greater efficiency and output with

ROYAL

INDUSTRIAL SEATING

Leading manufacturers are profiting every day through scientifically designed Royal Seating. Large comfortable seats and springy back supports are adjustable to fit work and worker... to provide contentment among workers, eliminate fatigue and thus create greater efficiency.

FREE TRIAL to any progressive company. Ask for Reference Book and interesting Catalog NOW.

ROYAL METAL Manufacturing Co.

1136 S. Michigan Ave.,
Dept. 1-1
CHICAGO

New York Los Angeles Toronto



LANGUAGES
Made *easy* By
LINGUAPHONE

Thousands of men and women, in their spare moments at home, have found the short, quick, easy way to master a foreign language—by the world-famous

LINGUAPHONE METHOD.

Amazingly simple and thorough. Do you wish to speak, read and write French, Spanish, German, Italian or any of 27 languages?

Send for Free Book

LINGUAPHONE INSTITUTE

87 R. C. A. Building New York

BUSINESS WEEK

With Which Is Combined The Magazine of Business

October 28, 1939

Looking Backward—and Forward

IT WAS ON Thursday, Oct. 24, 1929, that a wave of liquidation swept the stock market and broke to the nation the tidings of the oncoming depression. Today, ten years later, "the markets and business are once again in a state of transition." But, as the report on page 27 puts it, "the transition, instead of being from up to down, is from down to up."

Ten years ago, the break in stocks dramatized the fact that business was suffering from internal maladjustments—that farm prices were low compared with industrial prices, that plant was being too freely enlarged, that the stock market was topheavily margined by \$8,000,000,000 of brokers' loans.

EVEN BEFORE THE CRASH, there were a few economists, statisticians, bankers and industrialists who said that the economic rigidities and tensions created during nine years of expansion demanded correction. But they hardly conceived the depression's depths or duration. As early as 1930 there was a minor recovery and a wave of hope. But liquidation had yet to run its course. Prices were going down: all prices—stocks, bonds, commodities. For the farmers, there were foreclosures; for labor, paycuts and payless vacations and layoffs; for corporations, contracting profits. Business policy required the utmost liquidity. An inventory today would be a loss tomorrow. The law of the falling market was at work.

And now—in contrast—the industrial indicators are reaching for their 1929 highs, as the charts on page 26 show, and the law of the rising market prevails. The war dramatized the fact that inventories were low, that consumption was tending to outrun production, that commodity prices were fairly attractive, and that the next move of business was up—just as ten years ago the crash signaled that the next move was down. Overnight the war created a sellers' market. Business cupboards were bare and every business man wanted to fill his. An inventory today would mean a profit tomorrow.

Coming as it did on top of the June-through-August advance in business, the current rise in stock and commodity prices has generated a confidence that borders on enthusiasm. It is wise to note that this confidence could easily build up into a fatal cocksureness such as marked the last days of the booming 'twenties. A decade ago, stocks went up so nicely and paper profits were made so effortlessly that the turndown in the business indicators as early as July, 1929, went unnoticed as late as September and October.

It is far too easy to ignore the signs and to go along on the pleasant assumption that "the bull market's on, so let's make the most of it." The truth of the matter is that, even though it seems probable that business is in the upward phase of the business cycle, the going from now on is not apt to be either swift or smooth. Industry has advanced some 20% in a month and a resting spell is in order, purely as a matter of industrial physics. Business can go up just so fast and so long and then it must slow down to correct the maladjustments which this rise creates.

In the rush to fill the cupboards, there has undoubtedly been some excessive stocking up of inventories, which must now be worked off. In the metal trades, the upsurge has called attention to the problem of skilled labor shortage. In some industries, plant capacity is being taxed, and the question arises: Is it wise to build more capacity? In the steel industry, because of government hints, there's a reluctance to advance prices. Yet an advance in steel quotations might very well be just what the doctor ordered to check the tendency toward overbuying in anticipation of a price rise; for, after the advance, what's the use of trying to beat it? Among retailers there's the problem of whether to raise prices and run the risk of decreased consumer demand.

THE POINT is, of course, that recoveries, like depressions, are never simple. Business, like an intricate piece of watchwork, operates on delicate adjustments, and there can never be any nice, easy assurance that volume will go on and up, that profits will be automatic. Into our cheerful calculation of earnings must enter the fact that higher costs are already biting into the earnings of some companies. Furthermore, allowance must be made for one sobering inheritance from the crash of 1929. The basic maladjustment of unemployment still challenges this generation of business men.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York City. Tel. MEdallion 3-0700. Night Tel. MEdallion 3-0731. Price 20¢. Subscription: \$5.00 a year, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable code McGrawhill.

Willard Chevalier
Publisher

Ralph Smith
Editor

Paul Montgomery
Manager

Managing Editor, Louis Engel • Economist, J. A. Livingston • Foreign, John F. Chapman
Finance, Clark R. Pace • Labor and Management, Frank Rising • Marketing, J. F. Hurton
Production, W. W. Dodge • News Editor, Edward Hutchings, Jr. • Statistician, R. M. Machol
Law, J. A. Gerardi • Chicago, L. W. W. Morrow • Detroit, Athel F. Denham • San Francisco,
Cameron Robertson • Washington, McGraw-Hill Bureau: Irvin Foos, Special Correspondent
Business Week Foreign Bureaus in Ottawa, London, Paris, Berlin, Moscow, Tokyo, Buenos Aires.

V
939

WEI
AG

YE/
AG

along
let's on,
matter
business
going
smooth,
and a
indus-
and so
e mal-

as un-
inven-
metal
problem
plant
Is it
ustry,
nce to
ations
red to
ation
ne use
s the
e risk

pres-
piece
, and
t vol-
matic.
enter
to the
rance
n the
ploy-
men.

, 330
Tel.
S. A.,
whill.

omery
nager

apman
Huston
Machol
ncioch,
oncent
Area.

BINESS
CATOR